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DEVELOPMENT OF HOSIERY AND KNITWEAR INDUSTRY

LUDHIANA (PUNJAB), PHASE II

DP/IND/82/006/11-07

(R) INDIA ;

Technical Report: Findings and recommendations on marketing* of hosiery and knitwear.

Prepared for the Government of India
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of Stuart Brook
marketing expert

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United Nations Industrial Development Organization
Vienna

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INTRODUCTION

This report deals with the assignment carried out according to the Job Description contained at Appendix II.

The assignment was of 3 months duration beginning 10.03.86 and it included a 3 week visit to the target markets along with members of a National Counterpart team.

The main objective of the mission was to assist the Indian knitted outerwear industry to penetrate Hard Currency markets and thus introduce an element of export diversification.

Past attempts to sell Indian knitwear have had limited success and a new approach is described which superficially appears to be a successful one.

Counterpart staff have been trained in Marketing techniques and had the opportunity to participate in a "selling" venture even if an image rather than a product was being sold.
As part of this exercise the team confronted some of the world's top buyers of knitwear and their organisations. A full report on the tour is included as Appendix I.
The realisation of the tour was that price is not the obstacle it was believed to be, the market place is ready and willing to consider India as a source of knitted outerwear and with more sustained efforts the industry will be able to reach the H.C. markets.

From the point of view of the project the most significant feature is that it has been well demonstrated that the Development Objective can be obtained.

BACKGROUND AND JUSTIFICATION

The knitted outerwear industry in India is concentrated in the town of Ludhiana, Punjab where it dates back to the beginning of 20th century. The garments then produced were sold in the local markets. In the 1960s the RPA (Rupee Payment Area) countries showed an interest in woollen knitwear supplies from India and the first significant break through was made with supplies to the USSR in 1969. Since then the exports of woollen knitwear have fluctuated in keeping with the Soviet demand. The pattern of sales during the last few years has been approximately as follows:

23%	Domestic Civilian market
12%	Indian Army
61%	USSR
4%	W.Europe, U.S.A. and Middle East
100%	

Effectively giving an export sales breakdown of 94% USSR, rest of World 6%.

There are about 3000 registered small scale woollen knitwear units in Ludhiana. Apart from these, there are some thirty medium scale and four large scale composite units. There are about 50,000 to 60,000 knitting machines in operation and the industry employs approximately 250,000 persons. Apart from the registered units, it is estimated that another 15,000 to 20,000 knitting machines are installed in the cottage sector providing employment to about an additional 20,000 workers. According to the Wool and Woollens Export Promotion Council(W&WEPC), the total production of woollen knitwear in India is currently estimated to be US $ 150 million.

In 1982/83, the production in the four large scale units was about US $ 100 million and that in the cottage sector was approximately US $ 15 million.

An average small scale unit would have about 10 knitting machines, employing about 30 persons. The production is seasonal, the main domestic season being as follows:

April/May	Sampling
May/June	Order taking
June/October	Manufacturing
September/December	Delivery

When there is work to be done on the land, about 75% of the workers migrate to the villages to work as agricultural labourers, in order to augument their earnings.

Wages are paid to the workers on a piece-rate basis. On an average a worker produces 5 pieces on a machine in 8 hours. The wages are of the order of US $ 0.75 per piece, yielding a daily income of about US $ 3.00 per day. The industry does not offer employment to the workers all the year round.

At the time when this project was being formulated, it was realised that there must be an element of market penetration included in the outputs. The long-term or Development Objective of the Project includes "diversification of exports into Hard Currency Markets". Therefore to demonstrate that this final goal can and will be achieved, one of the outputs included in the project document covered this marketing aspect.

During a period in excess of 10 years there have been several attempts to establish Indian Knitwear in the Hard Currency markets. Because of its concern that opportunities to earn hard currency were being lost, the Government introduced subsidies to stimulate exports to these markets, but in spite of these the results cannot claim to have been any more than a minimal success.

In the meanwhile, various agencies have been lending support to the export efforts of the industry in their respective ways. Notable amongst these are the ITC, Brussels, the WEEPC, Ludhiana the IWS-India etc. However, during the extensive survey carried out by the marketing personnel of Knitwear Facility in 1982 it was discovered that the export of Knitwear from Ludhiana did not develop on a large scale due to the following reasons:

1. Lack of knowledge in the industry about the export markets.
2. Lack of knowledge and training on the part of marketing personnel from the industry to deal with highly competitive and sophisticated markets of Western Europe and North America.
3. Non-availability of suitable personnel in the industry who could undertake designing, sampling, export documentation, etc. as per European market requirements and tastes.
4. Lack of organizational infrastructure for export sampling, product development, export production and shipments except in the case of a few very big units of Ludhiana.
5. Inability or unwillingness of most units to undertake the time consuming and expensive tasks of Sample preparation and market development work over a sufficiently long period.
6. Lack of motivation and general lack of export culture.
7. General unawareness of the importers/buyers about the capability of the Ludhiana knitting industry.

Evidently, mere supply of information, passing on of trade enquiries to industry from time to time or even occasional gathering of potential exporters and buyers were not enough to generate exports.

Using an independent national marketing consultant, the Corporation studied the needs of the industry and how these could best be catered for within the project. Subsequently CTA also studied the situation in December 1983/January 1984 and largely confirmed findings of the national consultant.

Once CTA had become completely familiar with the manufacturing capabilities of most of the main companies large, medium and small, the Marketing Output as contained in the Pro.Doc. was augumented to become a more comprehensive and hopefully more useful vehicle to promote and diversity export sales.

With a large and lucrative domestic market enjoying protection from imports, manufacturers are reluctant to chase elusive export orders, neither have they any experience of the difficulties nor how long it can take before orders from H.C. area markets materialize. Many of those few who have had enquiries have taken the line of least resistance when faced with problems, and diverted their attention once more to the domestic scene. Such action served to degrade the image of Indian suppliers in the eyes of potential customers.

The product itself lacked the finesse demanded by West European and U.S. customers. Poor yarns, low quality of garment assembly and an almost total lack of quality control all combined to give a technically inferior product. Additionally there was only a rudimentary effort at styling.

Very generally there is little established infrastructure within the industry, which is hardly surprising since it only matured here in the period since partition and most of the industrialists have come from a background of trading. Regular requests are forthcoming from the Armed Forces and each year the Soviet Union provides large scale orders, so most times business is good.

Neither the Army nor the Soviet Union can claim to be sophisticated buyers so the quality demands on the trade are not stringent. Exporting to Hard Currency markets is difficult and sometimes unpredictable, so it is easy to understand why the suppliers revert to known customers even though they recognise the perils of too narrow a market base.

This fact has been severely brought home to the industry this season (1986), when approximately 50% of the order from USSR has been cancelled and the goods are lying packed and boxed in Ludhiana at the time of writing.

The suppliers to the Soviet Union form a elite club and there is obviously no wish to undermine their efforts in this lucrative market. However, because of the disparities between the levels of quality accepted by the Soviets and more critical demands of Hard Currency area markets, there then exists a technical problems in serving two different masters. Many small/medium companies, who cannot aspire to joining the present club, are most anxious to develop exports elsewhere, and this is fertile ground for expansion. However, keen and willing these firms are, they as yet do not have the wherewithall to tackle the H.C. markets and openly admit that they are in need of assistance.

Previous approaches have exhibited knitwear from a number of companies at the same time in exhibitions or buyer-seller meetings. The result was a hotch-potch of designs demonstrating the breadth of what the manufacturers represented there could do, rather than what the clients might want. Also some manufacturers at times worked at cross purposes with both the clients and themselves leaving a poor impression of the credibility of the Indian industry.

This is not the correct approach to adopt with H.C. area customers.

It was decided that at all times a pragmatic approach must be taken with assistance to the knitters uppermost in priority. Statistics on various markets are readily available and if the output from this marketing study was yet another report composed of generalities is would have hardly any impact on the potential exporters, and a great opportunity would have been lost.

With a product which is well below standard no matter how many Buyer/Seller meets, Exhibitions etc. are engaged in, there can be no chance of material success until the product is technically and aesthetically suitable.

In fact there is an adverse side to too much exposure. By continually displaying and exhibiting goods which are sub-standard, the image of India as a supplier of low-class goods becomes widespread and this in fact was and still is the prevailing belief. By private enquiries in Europe between missions CTA was able to determine that the status of Indian Knitwear and Knitwear suppliers in general are still held in low esteem.

Summarizing the background situation then, the problems facing the industry as far as H.C. area exports are concerned were as follows:-

1. The products were not upto standard technically.
2. The products lacked style and colours were badly chosen.
3. The method of garment cleaning left the products with a bad odour.
4. Previous attempts to penetrate the market had not been followed up with sufficient drive on the part of the suppliers.
5. The organizations helping to promote exports were not in a position to provide the specific help needed i.e on-site technical assistance over a protracted period.
6. Where attempts had been made to get orders, the presentation of the goods had been inferior.

7. The behaviour of suppliers during visits to a potential buyers had led to confusion in the minds of the buyers; many cannot be bothered or have not time to haggle over prices.
8. Inferior or zero delivery performance and poor communication with contacts has left the buyers with a bad impression of Indian suppliers.
9. Prices of Ludhiana-made goods were higher than alternative sources of supply.

Action to be taken

With the above conclusions in mind the following action was then initiated:

1. New improved yarns were being provided under the project.
2. A Design Expert was also being provided, and tostrengthen this section the Sample Room Supervisor was sent on a Fellowship for more specific training.

These two aspects together with the improvements already made in garment dyeing, finishing and particularly cleaning, were deemed to be sufficient to give a new look to the product.

3. It was decided that with an enhanced product it would be most appropriate to conduct a Test-market Tour since much of the data based on the old samples would not be relevant.
4. To involve elements of the industry as much as possible, a survey of likely candidates who were eager to export and had the capabilities to reach the required quality levels was carried out and several were selected to take part in the exercise under the guidance of the KF.
5. Because in the past the broad front approach by suppliers has generated confusion among buyers, it was decided that no manufacturers would take part in the first Tour but the sample range would be composed under one umbrella even though different Associates had taken part in the sample preparation. Thus the Tour would be able to project a single representative body which it was thought would remove some of the anxiety which had been previously recorded amongst

the buyers. The idea of a single range of course facilitated the Designers' task.

6. The Designer had to know which markets and which market segments to design for. This decision was not an easy one.

Previous advice from a variety of sources (See IWS Symposium Document) recommended that best opportunities were for plain classic styles at medium prices. This advice although given in 1982 still seems to be in the minds of most manufacturers.

Based on the high flexibility of the local industry and the chance of better margins and more amenable order sizes, it was decided that this line should not be followed. A more stylish look would have greater appeal and the chance to be "different" and more "eye catching". It was hoped that this would generate interest amongst buyers, so very important when trying to break into an established buying pattern.

7. Various possible markets were investigated as a basis for the Tour. These included W.Germany, France, Italy, U.K, Benelux, Scandinavia, U.S.A. and Japan.

Because it had been decided to be selective in the choice of market, USA and Japan were ruled out for logistic reasons and because in the case of Japan the market is very quality conscious and imports mainly well known branded merchandise.

In Europe, Italy is herself an established exporter of high quality knitwear and France from experience can be sometimes truculent with new importers.

This left a short-list of W.Germany, U.K, Benelux and Scandinavia, which was later refined to W.Germany, U.K. and Holland. Preparations were made to include Sweden but these were later discarded.

8. The Design Expert was asked to design for medium-priced outlets in these markets. A tall order in itself.

9. The Marketing Expert carried out preparations for the Tour in conjunction with his Counterpart. This exercise gave the Counterpart exposure and training in the selection of markets, market segments and sources of information on the various target markets. It also illustrated how difficult this exercise can be with communications problems that pertain to Ludhiana. This will be a problem for a long time and it certainly impedes effectiveness.

Details of the Tour are given in full in Appendix I.

PROFILES OF THE TARGET MARKETS

Country Profile - Netherlands

The Dutch market is an attractive market for an exporter but not an easy one to penetrate.

Holland, or the Netherlands, is the most densely populated country in Europe, ranking among the most affluent nations of the world.

Dutch purchasing power shows clearly in the gross national product of 10,930 US$ per capita, compared to $ 9,660 for the U.K. $ 11,680 for France and $ 12,460 for Germany in 1982.

The Netherlands is ideally situated to be the distribution centre for goods throughout Europe. Rotterdam is by far the most important harbour in Europe for goods transported by ship. Amsterdam International Airport 'Schiphol' is the fourth largest distribution centre for cargo traffic within Europe.

Dutch importers do not focus on the Dutch market alone, but also on the surrounding markets. There are two hundred million people living within a one day's drive from Amsterdam. London Paris and the industrial Ruhr Area lie within a 500 kms. radius. Thirty percent of all overseas goods shipped to the European Community (EEC) pass through Dutch seaports. Dutch carriers account for about half of the international transport by inland waterways, particularly the river Rhine, and for at least one third of the cargo traffic by road within the EEC.

Foreign trade was and is vital to the Dutch economy. The Netherlands have always had limited natural resources, and the Dutch market itself is too small in comparison to the production capacity. With Belgium, the Netherlands heads the world table of exports per inhabitant.

Exporters from developing countries are likely to meet more obstacles on the Dutch market than their colleagues from industrialized countries, especially western industrialised countries. The main reason is that they are often new-comers to that market, who will have to fight their way in. This applies especially to the exporters of finished products.

Serious attention should be given to the complaints often heard from Dutch importers who have some business experience with developing countries. They complain about:

1. poor communications, delays in replies, difficulties reaching the exporter quickly;
2. insufficient and/or inconsistent quality of the products, which are furthermore said to lack a good finish;
3. late, irregular and/or incomplete deliveries;
4. bad pricing. The exporters' margins are considered too wide;
5. relatively high costs of transportation due to inefficient packaging;
6. lack of designs adapted to the taste and preferences of the Dutch consumers;
7. violation of exclusive distribution rights.

When the exporter knows which people and firms he wants to contact he should send them documentation in English, with full details, including prices, about the knitwear he intends to sell. If possible he should send some samples as well. If the company is fairly small any letters should be addressed to the director, if the company is large they should be addressed to the buying dept. A written presentation should be followed by a personal encounter within a few weeks.

Distribution Channels

Department stores -

Department stores provide the customer with an opportunity to buy a wide range of products under one and the same roof. Most department stores are members of groups and have a centrally-organized buying department. Well known department stores are V&D, HEMA and De Bijenkorf. De Bijenkorf stocks high quality, stylish products with proportional prices. V&D is positioned in the middle of the market, while HEMA has lower price for good quality, although their goods are not as fashionable as those from De Bijenkorf or V&D. Their share of the market for textiles is less than 10%.

Clothing multiple shops/textile supermarkets

Clothing multiple shops, also known as multiples of chain stores, play a major role in the textile trade with 30 to 40% of the market. They are usually centrally managed and cover the whole spectrum of price, quality and fashion. They often trade in 'own brand merchandise' or 'private labels', which means that they design and make manufacturing specifications for suppliers at home and abroad. This so called vertical integration makes manufacturers more dependent on one or a few buyers. These buyers provide services and information to the manufacturer, so that he can adapt his products according to the specifications of the buyers. Of these chain stores, C&A has the largest market share, operating in the low to middle price bracket. Other chain stores include Peek & Cloppenburg'HIJ' (men's fashion), Kreymborg, Lampe, Foxy Fashion, M&S Mode, Witteveen and Mis Ctam.

Textile supermarkets operate at the low end of the market. People who make their purchases here are not interested in fashion or quality; price is most important. Brons, Wibra and Zeeman are the best-known textile super-markets, with a total market share of 6 to 10%.

Mail-order houses

Mail-order houses send illustrated catalogues of merchandise to potential customers, who can shop at home rather than paying a visit to a store. All they have to do is to send in an order-form, and the product(s) will be sent to their homes in a few days or weeks. Mail-order houses operate in the low and middle ranges of price, quality and fashion. Five such houses operate in The Netherlands: Wehkamp, Otto, Quelle, Neckerman, and Ter Meulen Post. They have a total market-share of about 5%, which has been built up in the last five years and is still growing.

Independent Retailers

Despite the rise of the other outlets, independent retailers still have a market-share of 30 to 40%. They mostly operate in the middle and high areas of the market. They have no advantages of economies of scale, and they consequently work with higher margins. This means that the product must be fashionable and exclusive, for otherwise people will buy them in cheaper shops. Most independent retailers have become member of buying associations, working much the same as the (central) buying departments of the other outlets described. This obviously has various advantages for the retailers. Most important is the reduction of costs because of specialised buyers.

The buying departments and associations purchase the goods directly from the exporter/manufacturers, or from a representative, agent or importer.

Importers/agents

Apart from the mere 'trading importers', also manufacturers, converters, wholesalers, and retailers can be importers (vertical integration). All these groups have a different approach to business and to the market, having their own specific interpretation of the marketing mix.

Agents are sole intermediaries, and do not 'take a position' in products.

The question whether to sell directly to an importer (which kind?), or through an agent, depends on the type of suppliers-organization, and its product/ market combinations. All elements regarding pricing, sampling, fashion-ability, delivery times, delivery frequency, product quality, exclusively, labels and packing and promotion can play a role.

A schematic showing how the various organizations interact is given at Appendix IV.

<u>Country Profile - West Germany</u>

The market is the same size as the UK, but unlike the UK there is no single focal point since there are six cities with populations between 0.8 million and 1.0 million around which retail trade is centred. Retail profits are low, despite high mark-ups due to high overheads. Even though interest rates are lower than in the rest of EEC, there are cash flow pressures leading to lower levels of stockholding and reduced forward ordering. There is a trend towards trading up, with increased fashion content. Multiple Fashion Stores are few, the main outlets being Specialist Retail Shops, of which most belong to voluntary retail buying groups; Department Stores, which belong to one or more of the central purchasing organisations; and an important Mail Order sector.

The main characteristics of the retail scene in the Federal Republic of Germany are:

(a) There are only four groups of department stores of importance.

(b) The top three major department store chains also operate subsidiary chains specialising in low value merchandise. These subsidiaries are of smaller significance than the parent companies, contrary to the development in Sweden, the Netherlands, France and Italy, where variety chains usually exceed the turnover and profitability of the parent. F W Woolworth is the only other large group of variety chain stores.

(c) German mail order companies are by far the most powerful in Europe and claim to be surpassed only by Sears Roebuck worldwide. The mail order companies usually have their own retail shops, which compete with the department stores.

(d) The development of voluntary retail buying groups is mainly a German (and Dutch) phenomenon. These groups act as central purchasing organisations for a number of independent retailers, who buy a large proportion (or all) of their stock jointly through the group. It is important to remember that the retailers usually own the group, not vice versa. The central organisation may also provide additional services such as accounting, finance and shopfitting; voluntary retail buying groups are increasingly turning to wholesalers as a source of supply and as stockholders.

(e) With the exception of C & A Brenninkmeyer, there are only a small number of fashion store multiples.

Clothing Markets are the newest form of discount stores which profit from the excess capacity of some manufacturers and heavy stocks held by some wholesalers.

The retail sub-sector made up of supermarkets, hypermarkets and cash and carry concerns continues to increase its share of total market retail sales. This trading sector presents serious competition to the department store concerns in the low value merchandise sector. There is also evidence of trading up in the retail sector.

Retail buying power is less concentrated than is the case in many European countries. This is due to the strong role of the independent specialist retail trade, which accounts for about 65% of retail market sales. It should also be recognised that regional differences in tastes and requirements, however subtle, do exist. Such demands are often met by individual stores buying direct from suppliers, as opposed to through its central purchasing department.

The buying method adopted by central buying departments of the multiple retail concerns, as also the voluntary retail purchasing organisations, is by sample selection at internal sample shows, which are staged in the main buying periods. Once submission has been made there is little scope for influencing the final sample selection. In the case of the purchasing organisations, it is a team of appointed member retailers who make the sample selection. It is never possible for manufacturers to be present at the sample shows; they, therefore, have no contact with the people who, in fact, make the decisions.

This system is applied in its purest form in the voluntary retail buying groups, but it is also used by department stores and co-ops.

Mail order companies do not have the same problem - simply because they cannot consult their customers before making a buying decision. However, the difficulty in their case is that they usually expect manufacturers to hold considerable back-up stocks for any line featured in their catalogues; such stock may be required for immediate delivery or, alternatively, cancelled, according to the public's response.

To sell to any type of buying group, it is necessary to be accepted onto a list of approved suppliers and, to achieve this, samples have to be left with the buyer, for assessment at the group's sample show.

Relatively small trial orders (1,000 pieces) may then be placed and the build up of a satisfactory trading relationship may then proceed slowly, possibly taking as long as three years.

Once on a group's approved list, however, an exporter has the option of trying to sell to the central buyer or to the buyers of individual stores who are allowed to obtain up to 50% of their requirements directly from approved suppliers.

Mail order firms, who also operate on the basis of a list of approved suppliers, are particularly interested in bulk deliveries.

Owing to high manufacturing costs, the German clothing industry cannot operate profitably solely on home produced goods. As a result, a high proportion, reported in some cases to exceed 75% of their sales, are imported goods.

Country Profile – United Kingdom

The United Kingdom is a big market for exporters. It may be divided into two areas London and the provinces.

London is a large metropolitan market with a tremendous variety of retail clothing outlets. These range from the way out to the high quality, high priced, traditional items. U.K sets a great store on tradition and this is reflected in their clothing which at times can become almost a uniform e.g at weekends in the country one can almost guarantee that the well-to-do business man will be wearing a cloth cap, Barbour jacket, and green rubber Wellington boots.

At the less-expensive level there is still a great deal of uniformity of clothing except with the teenage and young adult groups. Some of the reason for this trend is the predominance of large retail chains such as Marks and Spencer, British Home Stores, C&A, Burtons, Littlewoods etc. These stores dominate the mass market and because of their high volume they can command keen prices and deliveries. This phenomenon prevails very much in the provinces.

All the above, taking the lead from Marks and Spencer, have their own quality control laboratories and are extremely strict with suppliers. It is not unknown for a whole order to be rejected because the rigid specifications were not met. Even if the goods are perfect but for some reason are not selling, an excuse will be found to reject all or part of the order. They can be hard task-masters.

To serve the interests of smaller none exclusive retailers, buying cooperatives have been set up where volume is less but margins more satisfying to the supplier.

Mail Order Houses are common but generally those of any note deal in less expensive lines of clothing. Mail Order is not so popular with the higher income brackets.

Also high volume low cost knitted goods are beginning to appear in Supermarkets and Hypermarkets but these are of little interest to the Ludhiana manufacturer at present.

Because London is a focal point with a catchment of 10 million plus customers and many tourists and business visitors, the character of the market is distinct from the remainder of The United Kingdom. Retailers selling all types of knitwear can be found in a relatively small area in the West End. These outlets range from exclusive hand-made goods to the Carnaby Street type of garment.

Basic statistics for the 3 countries visited are included at Appendix VI. Additionally a list of sources of information where further statistics are available is also provided at Appendix VII.

NOTES ON POINTS AN EXPORTER MUST CONSIDER

Market Research

The approach adopted during this Marketing mission was based on several factors e.g. the Expert's own experience, the past history of exports and experiences of industrialists who have taken part in recent selling missions. Consequently market research did not play a big a big part in the preparation. In fact the mission itself was more research orientated than towards selling.

Particularly when the export market from India florishes in future, it will be necessary to conduct more formal market research. Thus it was though appropriate to include a section here which deals with this topic.

For the firm wishing to export to H.C. Areas the essential first step is to investigate the market thoroughly. This can be done in two main ways. One is to commission a specialist market research company to undertake the necessary research; the other is for the firm to do the work itself.

There are a number of advantages in having the market researched by a specialist firm. Chief among these are the expertise and experience these firms possess, and their ability both to assess objectively their client's product and the prospects for it in the market.

Before commissioning market research consultants, the firm will need to have a clear picture in mind of the kind of information required. In discussions with the selected consultants agreement can be reached on the type, number, and regional distribution of the outlets to be surveyed and on the questions to which answers are needed. Here the research company's experience and expertise should be particularly useful. At this stage, too, the consultants should be briefed on the company's product. When the survey has been completed, a full report should be obtained, and not just a summary.

Should the manufacturer decide to carry out his own research, this can be done in two main stages: background research, and visits to the market. For the first stage, the comprehensive statistical and other information held by the various sources some of which are listed in Appendix VII will provide the best starting point. When the first stage has been completed the firm will have a much clearer idea of the appropriate segment of the market on which to concentrate, and its characteristics.

In the second stage it will be essential to visit as many stores and shops (including their buying offices) as possible in order to obtain more precise information on market requirements in the selected market segment. Because most European countries and USA are effectively not one but a number of markets, it will be important to cover each regional area. It will also be worthwhile to talk to as many agents and to visit as many trade shows as possible.

At the end of this process, whether carried out by itself of by a specialist firm, the manufacturer will be in a position to decide how well suited his product is to the requirements of the target market sector and what changes, if any, are needed before it can be sold successfully.

Sources of Information

Information on the various markets throughout the world is available from a great many sources.

It can take the form of demographic surveys to detailed statistics on individual items.

The WWEPC collects information on markets for Indian Knitwear and this is readily available to Ludhiana firms.

Most importing countries are only too ready to provide data on their own areas, and many have Import Promotion organisations which have been set up especially for this purpose, and their help is invaluable for a new exporter.

In addition, further information can be obtained from Chambers of Commerce, Commodity Boards, and similar organisations in the towns and countries under review. Usually once embarked on a desk survey of a new market place more and more information becomes available as one digs deeper, and the problem is one of selecting which information is valid rather than a lack of statistics.

A listing of possible starting points for gleaning information about knitwear and the countries covered is given in Appendix VII.

Statistics

As mentioned above, statistical information on the various markets is readily available. A list of possible sources of information is given in Appendix VII and basic statistics on the countries visited is given in Appendix VI.

In addition to the information given here, many pamphlets and extracts from some of the sources given, have been deposited with the KF reference library due to their bulk. They are comprehensive and illustrate the type of information which must be obtained before a serious marketing study can get underway. Also included are many lists of potential customers concerned with the three market visited and also including Sweden.

Trade Promotion Agencies

It was mentioned that many developed countries have set up these agencies with the specific objective of assisting exports from developing countries.

The aims of such organisations are explained in detail in Appendix III which is an extract from the Swedish Exporters' Guide and deals with Sweden's Import Promotion Office - IMPOD.

Distribution Channels

The total system of imports and the distribution of goods in the H.C Area Market varies from one sector of the trade to another and from country to country. However, a number of common characteristics can be found. In practice one will find that not all participants always play a role in every import and distribution chain. At present a tendency towards a higher degree of centralization can be observed.

This means that in each link of the chain there are fewer, but larger and more powerful organizations which deal in larger volumes. Centralization also implies that different links in the chain are controlled by fewer participants. An importer may for example act as an agent or execute the function of wholesaler or distributor.

Buying cooperatives or department stores may import directly thus avoiding national or international agents and importers.

Exporters may thus have to work with different participants depending on the sector of the trade they are working in. It is important to be informed about how a certain sector is organized before one selects a business partner, which may be an agent, an importer, a department store, a buying cooperative etc.

Information on the structure of the trade in a certain trade sector may be obtained for example from the CBI for Holland and/or from the International Trade Centre in Geneva. Also similar organizations may inform on how to deal with the importation and the distribution of goods for other countries.

The selection of the business partner requires some careful information gathering. Exporters have to make sure that the partner is able to handle the goods in the volumes that can be offered, that he operates in the markets which are interested in the products concerned, that he can promote the products sufficiently, if he works on a percentage basis and so on.

Of the countries visited on the Tour, there are characteristic differences in Distribution Systems as given:-

U.K. : The UK has a unique retail structure. Distribution is dominated by large groups, both retail and mail order

Importers are strong in the UK and manufacturers should concentrate hard in this area.

Buyers will come to a central point to view collections.

Holland : Distribution is mainly through retail and, to a lesser extent, mail order. Importers are also important forms of distribution in Holland. Import penetration in Holland is 100%.

Germany: Distribution is mainly through retail and mail order. Importers are also important and should be developed strongly. Buyers prefer for manufacturers to visit their buying offices. Import penetration is 85%.

A schematic is included at Appendix IV which shows a typical distribution system and illustrates how the various parties interact.

Agents

Advice on whether to appoint an agent or agents early in the export exercise is varied. Some will advise that it is essential to appoint an agent at the outset, others that this step is not needed until at least a base has been established.

A good agent will pay handsome dividends and will know the market absolutely. This is his business. However he will normally be paid on commission and unless he feels the product is going to reap a rich reward, and quickly, he is likely to divert his efforts to others products where the return is more substantial and more secure.

Thus initially, even though this is a more expensive solution, it is recommended that until a supplier has something to sell the agent i.e. a steady trickle of business which needs developing, it is more worthwhile to carry out the initial spadework by direct contact with the customers.

Assistance from a person or organisation operating in the market is of course invaluable, but it is hardly likely that a commission based on volume would be sufficiently attractive and it is more likely that a flat fee will need to be paid in the initial stages.

Once business has developed, then because of its geographical position Indian manufacturers would be wise to choose agents to act on their behalf in the importing countries.

Selection has to be done with great care, for a good agent can lift sales, at times alarmingly, whilst a bad one can ruin the business

There are two main reasons why the selection of the agent calls for considerable care. First, the success or failure of the exporter's product in the market will depend to a great extent on the agent chosen. Second, agents can have a very strong legal position in some EEC countries and the termination of any agency agreement can involve the principal in the payment of substantial compensation.

Knitwear agents may be found through the various import promotion organisations which draw upon their experience and contacts in the market. Alaternatively, the firm may locate its own agent through the local agents federation, advertisements in the appropriate trade press, and contacts made at trade shows or fashion marts.

The import promotion organizations may be able to provide reports on the suitability of agents located by the exporting company. Where the company makes its own assessment, it will need to be satisfied that the agent:

i) Is in an area of good communication for covering the market.

ii) Has telex facilities.

iii) Possesses an adequate back-up staff.

It will also be necessary to establish how the agent covers the market. Where it is physically impossible for a single agent adequately to cover the entire country, an effective agent will often employ sub-agents in areas outside his own. The opinions of other companies represented by the agent being investigated can also make a useful contribution to the overall assessment process.

Once a suitable agent has been indentified, it is important that he be visited by a senior representative of the firm for the discussion of agency arrangements. One aspect of these will be the rate of commission to be paid. (Rates are 15-20% for main agents and 10% for sub agents). To secure the goodwill and full cooperation of the agent, a fair percentage commission should be agreed. Before the conclusion of the agreement the agent should be invited to visit Ludhiana (at the principal's expense) for more detailed discussions, and to inspect the firm's production unit. This approach will foster an effective working relationship between agent and principal.

When the agreement has been concluded it will be necessary to provide full promotional support and an ample supply of information, literature, samples etc. The agent will be able to advise on what is required.

May be the supplier will be asked if he is prepared to put in stock and, if necessary, to finance this itself. Because many importers/distributors do not like the paper work involved in importing, the exporter who has his own stock in the market and sells in local currency is much more likely to be treated like a domestic supplier by his customers.

Size Scales

All garments exported must be clearly marked with the correct size according to the size scales which apply in the country of destination.

These are not standard as is indicated in the listing of comparative size scales given in Appendix X.

An added complication as far as knitwear is concerned is that as fashions change, for example clothing worn with a looser fit may be in vogue for a period, then it is quite natural for a customer who is normally say size 12 to suddenly begin to wear a size 14.

To complicate matters even further, some manufacturers allow for the increase in size due to the fashion change but still call their garment a size 12. Other manufacturers do not follow this practice and as the garment dimensions increase, say due to a change in fashion, they stick rigidly to the dimension/size scale tables, and mark the garment up a size.

The golden rule then is always to carefully check the dimensions that a customer wants at the time of taking the order. Size scales should be used in the initial stages for guidance. Very soon the customer will come to expect a certain shape and dimensions for each size from the supplier. Once a good working relationship has developed between customer and manufacturer there is usually little further problem.

It is an interesting feature of the lack of a rigid sizing for knitwear that a customer for knitwear will invariably wish to try on the garment for size (or one of the same fit which the shop usually provides for this purpose) but when buying say a gent's shirt he will accept the manufacturers size mark. This allows the shirt manufacturer to present his product in a crisper packaging. Compare this with knitwear which in spite of its higher intrinsic cost is often packed in a cheap polythene bag.

Labelling

The regulations vary from country to country so it is always advisable to check with the customer. Incorrectly labelled goods may be returned or refused entry so this is most important.

Typically the labels will be

i) A product label, bearing the name and logo (trademark) of the store in the case where goods are sold through chain stores. This is attached to the back neck.

ii) A washing instructions label sewn into the side seam. This usually is marked with the international symbols as well as details printed in the language of the importing country.

iii) A label giving the country of origin (Usually combined with i) above).

iv) A label indicating fibre content. This also may be combined with other labels.

v) A label indicating the garment size according to the importing country's size scales. This is usually incorporated with i) above so that it may be readily seen.

Labels may be printed or woven. Printed labels are cheaper and more easily and quickly obtained, but the more expensive garments will require woven labels at least in the neck.

Quotas and Tariffs

All three countries visited on the Marketing Tour are EEC members. Details on tariff and quotas for non EEC countries can best be obtained by contacting the relevent Customs and Excise Authorities in these countries. It is best to check with customs before time and money is expended on export promotion, because they will have the final say and know the up-to-date position and situations are constantly changing.

EEC Textile Trade Agreement with India -

The current agreement concluded in September 1982 will apply for 4 years from Ist January 1983. India secured a large quota increase in 1983 compared to the 1982 quota levels for several items, notably category 6 (trousers) and category 29 (women's suits), in return for giving an assurance that handloom garments would be counted against normal quotas. Previously, all handloom goods had free access to the EEC. Under the new agreement, handloom fabrics and certain categories of household textiles are still allowed free access to EEC markets.

For 1984-86 annual quota growth rates for Group 1 products (see Appendix XI) range from 1% to 3.5%. Group II quotas are allowed to increase by 2.5% to 6%. No quotas have been imposed on Group III categories, in which India's trade is minimal.

EEC Tariff Levels -

In addition to the quantitative restrictions, imports into the EEC may be subjected to tariffs. These tariffs apply to products within all three categories. Duty rates for Group I and II products are between 9% and 15.3%. Group III products have a wider range of duty rates, extending from 8% to 17.3%. Precise duty rates for products are not specified in the accompanying table (Appendix XI).

<u>Export Documentation</u>

This is a complex subject due to the many different regulations which apply in different countries. Regulations change from time to time and goods can be held up at the port of entry for what appears to be trivial reasons. One missing signature or slighly erroneous declaration can cause a delivery to be delayed so long that by the time it reaches the customer, the selling season is over and the goods will be rejected or returned.

The task of producing export documents can be time consuming and costly and prone to errors. One system now widely being used by companies who do not produce their export documents by data processing methods is illustrated in Appendix XII. The more bulky documents associated with this method have been passed to the KF for their reference library.

The system makes use of a series of transparent plastic covers on which are overprinted the Company's name, Document title, etc. as well as the outline of the boxes where the relevent information has to be entered.

In operation the export office type the variable information once only in a specified format on to a plain sheet of paper. This single sheet is then inserted into the different plastic covers and photocopied as many times as the regulations require.

Using this relatively cheap system, the cost of producing error-free export documents is dramatically reduced.

The system is offered by the British Overseas Trade Board (BOTB) but the writer has not been able to ascertain if similar systems are available in India.

FINDINGS

1. There has been a significant change in the product because of improvements in styling and colours, and a softer feel due to the slacker stitch which is now being used.

2. More and more high-tech knitting and finishing machines are being introduced into the industry. Previously due to low quality yarns it was not economical to run this type of machine. This problem has been largely solved by the availability of better yarns, a large proportion of which are provided by this project.

3. There is an increasing number of companies who are capable of fabricating the quality of knitwear demanded by the H.C. markets.

4. India is still only exporting a minute fraction of the knitwear imported by H.C. markets.

5. Local exporters or potential exporters are keen to explore these markets but need help.

6. Previous attempts to penetrate these markets have had only a limited success because the promoting agencies could not sustain or provide all the types of assistance needed in one package, so these fragmented efforts were not capable of producing enough momentum.

7. The impression that Indian suppliers are unreliable is still widespread.

8. Buyer/Seller meets can create confusion, and for the time being until an exporting base has been built up should be avoided.

9. Price is not the barrier it was thought to be.

10. Offering classics is not the best or only approach. A wider choice of style can bring in a better margin and offer the buyer something different. This does not mean that classic styles should never be offered however.

11. It would be an advantage if in addition to Woolmark, where this is applicable, supplies could offer a "Seal of Approval" which gave some substance to the claims that quality etc. was being maintained to standard.

12. The Government departments concerned do not realise what effort and cost has been expended, and what opportunity is now within the group of the Indian economy.

RECOMMENDATIONS

1. In order to make an impression on the H.C. markets the effort now begun must be sustained. Funding will be needed to cover at least 3 years of efforts and the team undertaking the work will need careful co-ordination. Concentrate on no more than 2 markets initially.

2. Use the spearhead approach at least in the initial stages so that efforts are concentrated. Then introduce individual suppliers to the buyers and guide them for as long as they think they need help plus another two seasons.

3. As far as Fashion and Design is concerned, consider using a co-ordinator who can screen designs and build up a cohesive range for presentation from a variety of sources.

4. National design staff will need to have constant exposure to the target markets. Trade Fair visits and Exhibition visits must be included in their work program.

5. The Government departments will need to bring themselves up to date and in turn assist by developing a workable marketing policy for the entire industry.

Appendix I

TEST MARKET STUDY TOUR REPORT

The Tour may be broken down into 3 phases:-

1) Pre-Tour Activities

- Assessment of manufacturing capabilities of Associating manufactuers
- Preparation of Sample Range
- Preparation of literature etc. and arrangements for Tour.

2) The Study Tour

3) Assessment of Results

- Follow up with all contacts
- Preparation and submission of counter samples
- Dissemination of results to participants, other industrialists and others.

1) Pre-Tour Activities

For some considerable time the market segment and a broad idea of which would be the target markets, had been discussed at length by Facility staff, the Design expert and the Marketing expert. So those concerned with the choice of which manufacturers would be selected to participate in making the sample range had a good idea of what capabilities would be called for.

Thus whilst the selection was not done at all scientifically it could be claimed nonetheless quite effective.

Various factories in Ludhiana were visited and from a short-list the ones most suitable were chosen based on equipment installed or due for installation, past results and a keenness to join in the exercise.

The companies chosen for this first trial were - Ms. Deeson, Teeknit, Rajah and Jolly.

The Design expert was asked to prepare a sample range in the medium-fashion medium-price bracket, using mainly 100% wool or wool blends, to suit the W.German, Dutch, Swedish and U.K.markets.

This was an extremely wide brief, but as it was pointed out we were not sure of the response. Very likely the prices would be too high for the buyers, if past experience was any guide, and we needed the flexibility when in the market place to switch if the need arose, from one type of buyer to another, depending on their responses. For example, had we been very strict in the definition of the market segment, and the designer had produced a narrow specialist range for that segment, we could easily have run aground with no recourse for alternative action if say the prices had been widely unacceptable within that segment. This would have stopped the Tour dead, because if prices were out of court in one market, they would have been the same in the others.

It is difficult enough to design a range for a known market, but the task of designing for three different countries with known differences in preference is daunting. The fact that the samples were so readily accepted by virtually all the buyers is great credit to the designer and all those concerned with sample manufacture.

An exactly parallel situation faced the Marketing expert when selecting and contacting buyers. There is always the danger that by aiming to please everybody one ends up by pleasing nobody, and to some extent this was the case. But escape routes had to be provided and this was done by selecting a wider than normal range of buying outlets i.e importers to specialist shops.

The Tour after all was not specifically a selling trip and for the benefit of the KF counterparts visits to Import Promotion Organisations were included, plus a visit to a Trade Fair.

Appendix I
(Cont'd)

The Tour also was not held at the prime selling time on the fashion calender for a variety of reasons, but this turned out to be no bad thing. Had we been one set of many new faces confronting the buyers at their busiest time, we would undoubtedly have been given short measure and most likely forgotton within a week. As it turned out we were able to discuss at length (1-1½ hours in some cases) the samples, our approach, the changes in attitude and technical developments now underway in India and so on. With follow-up letters and samples this should suffice to keep the buyers interested and impress them that a business-like approach can be expected in future from Indian suppliers.

Arrangements for the Tour could have been better had it not been for conflicting issues regarding the timing, content and duration. As a consequence Sweden was omitted from the Itinery, but in the end all turned out well.

2) **The Study Tour**

For record purposes the Itinery and various specimen letters and hand-outs are included at the end of this report.

It is difficult to arrange a tight schedule in advance so any slack time was used by the team to review stores, shops and other points of sale to get a feel of the product and prices and varieties of goods on offer.

Dusseldorf

The team assembled in Dusseldorf and first visited an importer/agent.

R.KOEHN 8.4.1986

This company imports high-quality sweaters and clothing and distributes through sub-agents throughout W.Germany. They keep a stock of about 20,000 pieces in their own warehouse.

Appendix I
(Cont'd)

Our range was too fashionable for this buyer but he willingly gave his opinions of the qualities, prices etc. Even though they handle the top quality imported goods he was most complimentary about styling and quality. At the prices we quoted he claimed that there would certainly be a market for these or similarly made goods in W.Germany.

The team then visited IGEDO Fair currently in progress in Dusseldorf.

IGEDO- 8.4.1986

This was not the main Fair but a mid-season event used as fill-in for retailers. There was little in the way of knitwear, but it gave the junior members of the team the chance to see all different types of merchandise on show and how important is presentation at such exhibitions. There was also the chance to meet and talk with salesman by posing as potential customers, and get an insight into the way they make an approach. Also individually the team members toured the Fair and later compared notes on trends in fasions, colours, stitich effects, prices, etc.

Contacts were also made with several agents.

Though a very knowledgeable contact at the British embassy the team then visited an agent who was in fact born in Ludhiana. This was an unplanned visit but a most interesting one.

ANYWAY - Mr. D.S.Gill 9.4.1986

This is a very thriving business with offices situated in the MODEX complex on the outskirts of Dusseldorf. They are obviously doing considerable business, but were not interested in heavy knits at the time because of the season. We were asked for sweaters in cotton in a variety of gauges, but got the impression that Mr. Gill was really trying to find a cheaper source of supply.

He seemed too pre-occupied to understand what we were trying to achieve, but we had imposed on him and so perhaps our impression was unkind. Mr. Gill has been to Ludhiana since the Tour and has been in contact. He returned to Germany with many samples.

JERSEY ILANY - Mrs. During 9.4.1986

A long standing appointment had been made by telephone by the Marketing expert. This store was visited but on seeing the type of merchandise stocked and through conversations with their sales staff it was decided to cancel the appointment.

This group caters for the middle-aged lady and handle mainly skirts and costumes made in double-jersey.

Holland

The first visit was to Rotterdam to visit the Dutch Import Promotion Agency CBI.

CBI Mr. De Man, Mr. Dieleman, Mr. Willemse 10.4.1986

CBI is an agency of the Netherlands government, established in 1971 to promote the import of industrial products and services from developing countries to Western Eruope, notably to the Netherlands. Its aim is to contribute to the prosperity of developing countries, by providing trade information and intermediary and training services, within the policy framework set by the Minister for International Development Cooperation.

All services are free of charge. Applicants are, however, requested to complete a company profile issued by CBI and to provide other relevant information at the discretion of CBI.

Appendix I
(Cont'd)

To exporters and to trade promotion organizations in developing countries, CBI offers the following facilities:

Market Information:

- access to the Trade Documentation Centre
- dessemination of surveys on the Netherlands market

Trade intermediary services

- publication of offers in the News Bulletin
- product display and market testing in the showroom of the Merchandise Test Centre (MTC)
- special promotion events for selected product groups
- consultancy for incoming missions (on a limited scale)
- buying missions from the Netherlands
- sponsored participation in selected trade fairs
- individual assistance to visiting exporters and officials

Training

- orientation seminars on export manag ement, trade promotion and marketing in The Netherlands,
- seminars and workshops in other countries

International assistance

- assistance with the establishment in Rotterdam of branch offices of trade promotion organizat ions
- bilaterial agreements with trade promotion organizations
- liaison and project coordination with the International Trade Centre UNCTAD/GATT(ITC) in Geneva
- project coordination with other international organizations, such as EEC, World Bank, etc.

The team had long discussions with this organization's staff. CBI have had a lot of activity concerning textiles during the past 2 years and are cooling off in preparation for the next fair in 1987. They are in contact with over 120 importers so are very important to India at this stage.

At their fair, held within the premises, about 25 suppliers are called on to take place, and all goods have to pass their extensive laboratory testing procedures.

A delegation of about 10 importers are conducting a Purchase Mission to India and 4 other Asian countries later in 1986, and one of their experts will lead the mission.

They would be prepared to send an expert to India (at their cost) to assess the production capabilities and products to determine if they would be suitable for inclusion in one of their modem fairs or in a Special Trade Mission which is restricted to a one-product display. Formal application must come from the exporting agency.

We pressed to have a meeting with one of their experts and this was fixed for the following day.

They stressed that many Dutch importers serve Belgium, France and Germany also, thus exporting via a Dutch agency will automatically mean that the goods will be exposed in a wide area.

The team then visited F.T.G.B. in Den Haag

F.T.G.B. Mr. Fokke 10.4.1986

This organization is the federation of all textile wholesalers in Holland, and Mr. Fokke is the Secretary. In response to the Marketing Expert's prior request he had circulated details of the tour to his members. The response was very bad and he had tried to abort our visit. The reason for this lack of response was the bad reputation of Indian supplier from the past experiences of his members.

Mr. Fokke agreed that there was a great need to make long term working relationships between the suppliers in India and customers in Holland, and thought that our strategy taking a longer perspective was the correct one.

Once he had seen the samples he became very enthusiastic and asked if we would send him 4 samples and a write-up, because he was sure that his members had taken a wrong decision based on their bad experience in the past. Had he know what the quality was like before our visit he reckoned that he would have been able to generate a great deal of interest and for the future he asked that the write-up should indicate total capabilities of the Indian suppliers including blends used, sizes, descriptions of styles etc.

They have contact with 20 main importers in Holland and these companies re-export up to 50% of their business to neighbouring countries.

In Amsterdam we visited the Confectie Centrum to meet with their Director Mr. Boenk.

Confectie Centrum　　Mr. H.Boenk　　11.4.1986

Mr. Boenk gave a complete run-down on the origination, growth and statistics of the Centre. Full details are held at the K.F.library. It is significant that in the past the Centre served the Dutch market from Dutch manufacturers, and now having passed through the phase when international suppliers took over as the Dutch manufacturing industry declined, international buyers are using the Centre to source from the international suppliers who transact business there.

Some 70-80% of textile goods coming to Holland are imported and much of this is re-exported.

They have 425 tenants including some Dutch producers and about 30% of the total are agents. 5,000 retailers come on average once per week to buy from the stocks, and 20,000 to 30,000 foreign buyers visit them per annum. Turnover is approx. 1,000 million US $.

We were introduced to an agent and an agent/importer.

Fritz Wohl - Agent 11.4.1986

Mr. Wohl is agent for several top quality companies and handles imported sweaters mainly fully-fashioned. The quality of the samples were impressive he thought, and was very surprised that they were Indian. Prices were by no means unreasonable he thought but this line was not the one he deals in so he qualified this comment.

Becopa - Mr. M.Heertige 11.4.1986

This company are importers/agents, also at the Confectie Centrum. The range was not to their liking, it was too expensive and too heavy but Mr. Heertige was willing to give his opinions on his buying experience.

He would have liked a softer feel ,he thought the prices were good but tended to be on this high side; styling he liked with a few exceptions, he thought that people would expect cheaper goods from India, material was not of great importance; he said how difficult it is to get into the Dutch market and suggested we were doing the best thing by not going the big operators.

Appendix I
(Cont'd)

W.P.Leemhuis - Mr. Leemhuis 11.4.1986

Mr. Leemhuis is an agent dealing in ladies dresses and tops from Italy. Mos t of his garments were cotton and synthetic blends in jacquard styles in restricted spring shades.

He though the garments were too expensive and said he could buy cheaper and better goods from Italy as he showed us.

He thought we were trying to sell him our range, and pointed out that it was an Autumn range When he realised that we were mainly after his opinion, he mellowed, said he never handled goods as heavy and of wool, and finished by stating that they were still too expensive from India. When asked if they would be overpriced with a W.German label he smiled broadly but made no comment.

The team returned to Rotterdam to meet with the CBI expert.

C.B.I. Mr. V.Markvoort 11.4.1986

He is the author of a very comprehensive booklet "The Market for Clothing in the Netherlands", a copy of which is deposited at K.F.library. His reaction was most encouraging and enthusiastic. As a marketing man with years of experience he said he could feel that the products were right, and would have a ready market both in Holland and elsewhere. He is due to visit India on a trade mission and indicated that he would wish to come to Ludhiana and see the production units first hand.

Mr. Markvoort felt that he could sell these products, and never took on products that he did not have a gut feeling for.

This was a most encouraging meeting because Markvoort obviously knows the market very well. We promised to keep him informed of progress via CBI.

Over the week-end many stores in Amsterdam were visited, to get the feel of the local market and price ranges. Unfortunately a lot of the knitwear was for the summer season. The team split on leaving Amsterdam; Mr. Sinha staying in Holland to visit other contacts alone Mr. Singh to pay a quick visit to I.W.S. Delft to see their Knitting Workshop. Mr. Grover and Dr. Brook went on to Hamburg to set up meetings there as a complement to those already made by phone.

Centurion - Mr. J.L van der Donk 14.4.1986

This visit was made by the ExecutiveExport Development on his own. The buyer was most interested in the samples but he had completed his schedule for that season. He though that there would be a good demand for our type of knitwear and that qualities were good and prices were competitive.

Hamburg

Hamburg Chamber of Commerce Mr. C.Volker 14.4.1986

Contacted Mr. Volker who had tried to get in touch with over 50 companies but with little success. Many companies he said were not interested in meeting with Indian suppliers but he was able to provide a listing where appointments might be possible. On our behalf he contacted them and some appointments were made. We promise to provide Mr. Volker with a short report on the success of the mission.

Grodtmann - Mr. G.Prenzler 14.4.1986

Met Mr. G.Prenzler who had a very businesslike approach and quickly selected from our range of samples the ones in which he was particularly interested.

<u>**Appendix I**</u>
(Cont'd)

He though that the quality of our garments were very good and suited their clientelle who like wool-rich garments.

He would like to have samples of three styles No. 16/P26/H17 before the end of May, with an indication of the colour-ways available and prices over the range S,M,L & XL. He estimated orders for approximately 2,000 pieces per style would be forthcoming.

To test how sensitive they were on prices we quoted CIF prices as FOB prices but he raise no objections. He was most satisfied and will order from the countersamples by telex to H.O. They would require the bulk delivery to arrive by end of September no later.

Peek and Cloppenburg

In spite of a firm appointment, on contacting their buying offices we were informed that the buyer was not available for the next few days. We were not able to accommodate any alternative time during this tour.

Winter Reisner & Co. 14.4.1986

We saw both Mr. & Mrs. Winter but Mrs. Winter is the knitwear expert. They buy a great deal from U.K. (Coats, slacks & kilts) and some knitwear from Hong Kong. They sell to small chain stores between 10 and 15 outlets each and also to such names as Peek & Cloppenburg.

Their trade generally is classic style so our goods were slightly too fashionable, but Mrs. Winter would be pleased to sec a range of fully fashioned good quality garments made from woollen spun yarns if we are able to produce these. She was impressed by the quality and said that price range was perfectly acceptable in the W.German market.

Mr. Winter said that he had seen good samples from India in the past. He had placed orders but there was no follow up whatsoever and this made him hesitant to deal with India suppliers again.

Weicotex - Mr. Weilert 15.4.1986

They deal in bulk business with the main Mail Order houses and are presently importing childrens wear (made from woven materials in the majortiy of cases) from the Far East.

They also are buying classic style cotton heavy knits from Pakistan at around 10 DM. Mr. Weilert thought that our samples would certainly sell in the W.German market because of their quality, style and prices. He suggested we meet Mr. Langhein of Jean Pascale and made an appointment for us.

Jean Pascale- - Mr. Langhein 15.4.1986

Although we had an appointment Mr. Langhein was extremely busy. He gave the impression that he was not interested in our goods at all and said they were too highly priced compared with Italy.

We got the feeling that he had no intention of showing any interest in our samples but was seeing us as a favour to his friend Mr. Weilert.

F.W.Olsen & Co. - Mr. Schroter 15.4.1986

This is one of the main importers covering all W.Germany in clothing. We showed all the samples to Mr. Schroter who thought they were good. He was concerned with the Spring rang eat the time and indicated that they had completed their buying for Autumn so he was not able to do any serious business.

Appendix I
(Cont'd)

He advised us to make contact again for the next season and promised to see the collection.

This can be regarded as a most useful contact for the W.German market and their comments and generally favourable response is most valuable and encouraging.

The team concluded its visit to W.Germany with a visit to Germann & Co.

Germann & Co. - Mr. K.P. Greuling 16.4.1986

This company are importers serving all W.Germany. They employ 5 salesmen and are involved with Military clothing, inl particular the army type sweater (Bundesware). At present they are importing from East Germany and Denmark but have supply problems with East Germany. They saw our samples and although they appreciated the quality they regard them as being too fashionable for their market. Mr. Greuling suggested that fashionable items such as ours would sell better via the Mail Order houses and big chain store. He suggested contacting Jebsen & Jensen for basic items and Olsen for fashion items.

We agreed to provide them with counter samples in two styles

1. 80%/20% Nylon with 100% cotton drill patches. This is made with 7.5 Nm yarn. Prices required would be 28 DM for small & medium sizes + 10% for large and extra large sizes CIF. They would require upto 25,000 pieces, navy 50% and khakhi 50%.
2. 100% wool crew neck sweater with zipper in full cardigan stitch. Up to 30,000 pieces would be required in wine red 10%, navy 70%, grey 10%, olive 10%. They will supply the size scale. Delivery would be required July through January.

After completing their schedule in Holland and Germany the team moved on to U.K. Here due to the variety, size and concentration in London, it had been decided to concentrate most of the activity in the capital.

London

Gee-2 Mr. H.Holmes 17.4.1986

Part of the Cecil Gee group but dealing with more fashionable menswear, this is becoming a well-known name throughout Britain.

Mr. Holmes, their Chief Buyer was very busy with sudden visitors and asked if we would postponed our meeting. We tried to re-arrange this but unfortunately it was not possible to fit this new meeting in the itinery. He would welcome a further visit from the next mission and was most interested to see Indian garments as a new source of supply.

Blazers Mr. S.Sloman 18.4.1986

This is very trendy shop which deals in good quality fashionable menswear but not the too way-out lines. They have a good reputation for styling.

The main buyer was in Scotland so his assistant saw the range. Our samples were a little too patterned for their market; he though quality was good, in fact too good i.e we were making the garments too heavy. Colours would need attention but it was explained that this was no problem. Generally he thought the range was good and with some modifications they could be tempted to buy. We must call again.

Austin Reed of Regent St. (Ladies)- Ms. J.Rothera 18.4.1986

A very well known name throughout U.K. Noted for its quality merchandise. Ms. Rothera pointed out that their requirements are very selective. This store caters for a particular social level in U.K. both in London's Westend and the provinces, and until recently they were exclusively mens' wear only. Ms. Rothera thought the samples were very good and like several of them very much indeed. She had completed the buying schedule for the season but indicated that had that not been the case she would have included one or two styles as a trial. Quality was on the whole good and prices perfectly acceptable. In future they would like to operate with the KF and would provide colour swatches for matching to fit their own colour story. Similarly with the styling which will need to be slightly less fashionable.

Austin Reed of Regent St. (Mens') - Mr. T.Wheeker 18.4.1986

This is the same store as above but the larger Mens' Division which is their mainstream business. Mr. Wheeker pointed out that they deal in the topend of the trade serving prestigious customers and quickly looked through the sample range. He picked up four styles and homed in on two heavy knits with cable detail. These two garments he recknoed were most acceptable but would like slight modifications. The Knitting Manager confirmed that this would be possible and has since arranged for counter-samples to be made.

Slazengers - Mr. D. Banks 21.4.1986

Due to a misunderstanding we were directed to the wrong offices and could not make the journey across London to their buying dept. Neither could Mr. Banks fit us in at another time during our visit.

Lewis - Ms. Jill Best 21.4.1986

This company have a chain of shops, throughout the U.K. Selfridges is the best known in London but they are very strong in the provinces. Miss Best is their Chief Buyer and was very busy. She though that the garments were well made, prices about right, with certainly a market in U.K.

She thought that our styles were probably too ornate for their clientele, but when we pointed out that these styles had been designed for a wide range of shops in UK and another European countries, she understood the problem and indicated that she would like to see a range designed more to their store group's tastes and would welcome the chance to work with suppliers on that basis. She found the prices quite acceptable, if a little on the high side due she thought to the fashion content of the garments.

Two appointments had been made in the Leicester area. One with an importer of Far East merchandise for Supermarkets and Mail Order houses, and the second with Next a recently formed group which has quickly established itself in the UK retail business as a leader.

Unfortunately Charterhouse (the importers) had to go abroad at short notice so only one contact was made in Leicester.

Next - Miss W.Richardson 22.4.1986

This is possibly the fastest moving chain in UK at present. They have had a very rapid growth rate and have collected a lot of smart people into the organization. Miss Richardson is their Chief Knitwear buyer. She was very excited by the range, and spent a long time over it. She was surprised to see "all wool" garments in these styles and suggested that this could be our "handwriting". Prices were within their range and quality acceptable. She suggested that we should make another approach to them at the correct selling season. She would then supply colours and swatches of their seasons fabrics for coordination. They would also assist with design in the formative stages and send a representative to Ludhiana to examine the production capabilities. We confirmed that if they wished for exclusively of design this would be no problem. All in all it was a very favourable meeting.

Appendix I
(Cont'd)

Back in London to continue with the program with a visit to the Head Office of the Burton group in Oxford St.

Burtons 23.4.1986

Virtually every town in Britain will have a Burton shop. They used to be famous for their made-to-measure gents suits and had factories in several main industrial areas.

With the increasing labour costs in UK they have run down their manufacturing side and concentrated on retailing. Whilst still predominantly a supplier of suits and more increasingly liesurewear, they have introduced good quality knitwear into their range. Buying is centralised in London.

The Chief knitwear buyer examined the sample collection and found them generally on the heavy side and possibly a little too fashionable. Bear in mind as she pointed out, most of their outlets are in the provinces and this tempers their taste.

Quality was better than they would expect for the price range. They would like to see an Autumn range at the appropriate time, but books were closed for this season.

Moss Bros- Mr. S.Gash 23.4.1986

This company is a household name through Britain for their Hire Service of formalwear for State and other occassions e.g. weddings, receptions etc.

They have a very good reputation and operate as retailers mainly in the London area, with a few branches in major cities.

Mr. Gash in their knitwear buyer who buys for the entire chain. They had completed their purchases for the season but he was very willing to give his opinion about the samples. Generally he though them very presentable and a few styles he would have looked at seriously had he been in the market. Prices he though were well within their limits. He had reservations about dealing with Indian suppliers but would like to see the next lot of samples.

Fenwicks, Bond St.(Ladies) - Ms. Jane Banks 24.4.1986

This is the main West End shop of a well known UK chain with H.Q. in the N.East of England. They also have a large emporium in Hypermarket(Brent Cross) on the extreme north of London, which serves North, West & Eastern outskirts of London and many towns in the neighbouring areas.

Conditions for displaying the styles were very poor, having to be conducted in a small office within the Ladies Department.

Miss Banks was excited by the styles but would have preferred a lighter weight and something more fashionable. She admitted to be tuned to the current season for which our styles were not intended. Quality was extremely good and she could not believe the prices were so low for 100% wool. They obviously are used to dealing with a younger age group who buy fashion items at moderate prices. This was borne out by a look at the merchandise in their store.

Fenwicks, Bond St.(Mens) - Ms. Chris Sheldon 24.4.1986

Part of the same store as above. Ms. Sheldon also underscored her colleague's views but was also very impressed by the samples.

She is already offering Ludhiana-made knitwear which we saw on the hangers. This is a style from Raibahadur via French connection.

She would like to do business, but indicated that the turnover would only be small.

However she suggested that their Brent Cross Hypermarket would be more in keeping with our styling and arranged for us to speak by phone with the buyer there Mr. Lex Hare. He could not fit in a meeting during this visit, but acting on the W.End buyers' recommendations he said he would be glad to see a future mission. He also agreed, when he heard a description of the styles and prices, that this merchandise would fit very well into their store.

Horne Bros. - Mr. S.Chong 24.4.1986

We saw the Chief Knitwear Buyer and his assistant at their main office and stockroom in London's East End. This group is represented in many major towns and cities throughout UK.

They used to have the image of being rather staid and served the middle aged man and older. In recent years their image has changed remarkably and is still changing.

For example they are now buying from Hong Kong and employ a buyer of Chinese extraction. Their styling now suits a younger age group and we had heard they were looking for other sources for merchandise.

Both buyers liked our samples very much, particularly the heavy cable styles. Mr. Chong picked out 3 designs immediately and asked for counter-samples to be provided. He is including India on his next East, and could see the possibility of future business. He thought prices were very acceptable and could see that our type of garment fitted well in their range. He asked for us to keep in contact and we promised to send him samples on our return.

Between visits to see buyers, the wide variety of shops and stores in that area of London were visited to get a feel of the market and prices. Also organizations such as the Board of Trade, IWS, British Apparel Council etc. were contacted for advice and information.

The tour ended with a visit to Winchester College to follow up on the progress of Mr. Pathania who was completing a 6 month Fellowship in design. This is also the institution where the Design Expert lectures, so it also provided the chance to update her on the response to the sample collection.

3) **Assessment of Results**

On return to India after the tour, work was initiated on the follow-up samples and letters to all the contacts made.

The Associates who provided some of the samples were visited and briefed on the reception. They were delighted with the response which the team had had. Other manufacturers who did not take part in this first venture were also briefed to keep them aware of what was taking place.

At a meeting of exporters held at the W.W.E.P.C. on 3.7.86 the Marketing expert was able to give a short address to wider audience which included the Corporation Chairman. He updated them on the tour and action since.

The feed back from the Ludhiana industry is that the reaction was extremely good. Many industrialists are impressed that the team was able to reach such prestigious buyers and that it now seems as if they will look more favourably towards Indian knitwear in the future.

Surprise at the fact that prices were acceptable generally. This had always been a big problem in the past and was at first a puzzle to the team members. The explanation for the change in attitude is most likely that the garments which Ludhiana make and which are aimed at H.C. markets, are usually wool-rich or 100% wool in composition. This automatically puts them in a definite price bracket due to the inherent cost. Because styling, colours and general quality has been inferior in the past, the prices such garments could command was low. Now that there has been visible improvements all round, the garments can claim to be in a higher quality bracket and this automatically means that they can be expected to claim a higher price.

Appendix I
(Cont'd)

So the improvements in the garments have come from changes in styling, colouring and better attention to quality points, all of which are only marginally more expensive than methods used before. The main cost is still the raw material and has remained basically unchanged.

The tour took place outside the accepted peak selling season but this fact allowed the team and the buyers more time for discussions and exchanges of views. It was not intended to be a "selling trip" so timing was not so important.

With the updated experience of the markets visited, the next brief to the Design expert can be made much more specific, therefore a more successful campaign can be expected in the future with a much higher hit rate. Next time it will be possible to decide on the stores to be visited within the market(s) chosen and so a much more highly focussed range of samples can be produced.

Because the doors have been opened with many of the buyers who will be (and expect to be) contacted again, this is another factor pointing towards a more successful next visit. Additionally the team will have much greater confidence when meeting the buyers again, as well as greater conviction when answering questions and "selling" ideas on marketing back in India.

Appendix I
(Cont'd)

MARKETING TOUR - Main Itinery

						Hotel
Mon.	7 April	-	Team assemble Dusseldorf			Duss.
Tues	8	-:-	-	Visit to IGEDO		Duss.
Wed	9	-:-	-	Dusseldorf	(Fly to Amsterdam)	Amst.
Thurs	10	-:-	-	Rotterdam a.m.	(Train to Den Haag)	
				Den Haag p.m.	(Train to Amsterdam)	Amst.
Fri	11	-:-	-	Amsterdam		Amst.
Sat	12	-:-	-	Week-End		Amst.
Sun	13	-:-	-	Week-End	(to Hamburg)	Hamb.
Mon	14	-:-	-	Hamburg		Hamb.
Tues	15	-:-	-	-:-		Hamb.
Wed	16	-:-	-	-:-	(to London)	Lon.
Thurs	17	-:-	-	London		Lon.
Fri	18	-:-	-	-:-		Lon.
Sat	19	-:-	-	Week-End		Lon.
Sun	20	-:-	-	-:-		Lon.
Mon	21	-:-	-	London		Lon.
Tues	22	-:-	-	-:-	(Train to Leicester)	Lon.
Wed	23	-:-	-	-:-		Lon.
Thurs	24	-:-	-	-:-	(Train to Winchester)	Lon.
Fri	25	-:-	-	-:-		Lon.
Sat	26	-:-	-	-:-	(End of Tour)	

Appendix I
(Cont'd)

RECOMMENDATIONS

1. The effort now started must be continued since it seems to have had a material effect.

2. The approach using the K.F. as an umbrella agency at least in the primary stages is accepted by suppliers and by the buyers. This approach should be adopted whatever agency is concerned with future marketing.

3. A "Seal of Approval" issued say by the K.F. would be of great value once established and accepted, as valid by both suppliers and by customers. Buyers are still very hesitant that there will be too little regard for quality and other specifications when dealing with Indian suppliers. This idea must be dispelled.

4. Concentrate on getting a toe-hold in say 2 markets and establish good contacts with a few selected buyers. Expand from these. If for some unfortunate reason it all goes wrong there will be chance to make a good salvage operation and start again.

5. K.F. must persist and persuade the suppliers to persevere and ride out any temporary difficulties. Such long term strategy will be most valuable to the trade.

6. Allow the Associates and other potential exporters have access to this Tour Report.

Appendix I
(Cont'd)

UNIDO ONUDI

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
ORGANISATION DES NATIONS UNIES POUR LE DEVELOPPEMENT INDUSTRIEL

VIENNA INTERNATIONAL CENTRE
P.O. BOX 300, A-1400 VIENNA, AUSTRIA
TELEPHONE: 26 310
TELEGRAPHIC ADDRESS: UNIDO VIENNA TELEX: 135612

CENTRE INTERNATIONAL DE VIENNE
B.P. 300, A-1400 VIENNE (AUTRICHE)
TELEPHONE : 26 310
ADRESSE TELEGRAPHIQUE : UNIDO VIENNE TELEX : 135612

Please reply to :- Dr.S.Brook, Branxholme Castle, HAWICK, Scotland TD9 OJT.
Phone (0450) 74146 Telex 727112

REFERENCE: DP/IND/82/006

DATE: 4th. Mar.1986.

Dear Sir,

European Visit of Indian Marketing Team

This is to confirm my telephone conversation of this morning.

I shall be bringing a team of 2/3 Indian nationals to Europe with the objective of introducing them and their product to Western markets.

Previously there have been several attempts to supply these markets from India, but until recently the product has not been up to the required standard of quality and style. United Nations has been involved in a major scheme in India for the past 5 years or more and recently as part of the aid, European based Designers have been assisting the industry to produce more stylish and better made garments.

This will be the first opportunity for potential buyers to see this new range of knitwear, but the main objective of this mission is not to sell products but more to sell the idea that Indian knitwear can take its place alongside other imported garments and in the future will be a growing source of excellent quality products.

In addition to myself the Team will comprise:-

Mr. A.S.Grover	-	Man. Dir. Punjab Knitwear Dev Corp.
Mr. A. Sinha	-	Export Executive
Mr. M. Singh	-	Technical Manager

....../2

Appendix I
(Cont'd)

We have chosen initially to vist West Germany, Holland and U.K. but this will be the first of a succession of visits to Europe as part of the whole market penetration exercise which will be launched over the next few years.

The Team's itinery in Holland will be as follows:-

Thur. 10 April	Rotterdam	a.m.
	Den Haag	p.m.
Fri. 11 April	Amsterdam	

Samples of Ladies and Gents garments will be carried by the Team. All are of the latest styles and the Team a‸e eager to participate in development with a view to long-term relationships.

I look forward to meeting with you and thank you for your assistance.

With kind regards,

Dr. Stuart Brook
UNIDO Chief Tech. Advisor

Appendix I
(Cont'd)

PUNJAB STATE HOSIERY & KNITWEAR DEVELOPMENT CORPORATION

Marketing Tour - March 1986

The Industry -

The town of Ludhiana, situated approx. 300 Km. to the north of Delhi is the centre of the Indian Knitted Outerwear Industry.
There are over 3000 firms varying in size from small family-run concerns to large mills. The industry employs 200,000 people in total. Annual output is in excess of 50 million garments, a high percentage of which are wool.

Because of the high local demand there has been little effort to export, with the notable exception of the USSR. Under a trade agreement with that country India now exports over US$ 100 million worth of goods, mainly wool.

The Knitwear Facility -

In 1977 the Indian Government, in cooperation with the United Nations, initiated a technical centre known as the KNITWEAR FACILITY to assist the industry in its efforts to improve its product, ans also encourage exports to Hard Currency Areas. This Facility is now fully operational with all the lataest modern machinery, support equipment and qualified personnel. Additionally it operates a new Worsted Spinning plant of 3,500 spindles, producing yarn to an International Standard, which it is equipped to dye in its owv Dyehouse. It has recently commissioned equipment to produce shrink-resist wool tops to IWS Superwash standard. The Facility also acts as the accredited IWS Testing House for the area and is thus a quality monitoring station for the industry in the area.

Appendix I
(Cont'd)

The Marketing Tour -

At present a team from the Facility is touring Europeean Buying Centres to introduce Indian knitwear, with the intention of gradually building up an export trade. It is anticipated that good working relationships wil be made with those buyers who are interested in a new source for their garments.

The current range of garments has been designed by Ms. Kirpal Marwaha Housley, who is a graduate of the London College of Art and who also lectures in textile design at Winchester College UK. Ms. Housley is herself of Indian origin but has lived in London since 1969 and now operates from there as a freelance designer.

The Team -

1. Mr. A.S.Grover is Manageing Director of the Punjab State Hosiery and Knitwear Development Corporation. He is participating in the mission to emphasise that this venture a..d similar ones planned for subsequent seasons have the full backing of the Indian Government. He is a senior member of the State Government and is himself a graduate of both Delhi and Manchester Universities. He also has a wide experience of textile operations throughout India.

2. Mr. Ashok Sinha is Executive Export Development of the Corporation and has been involved in export marketing for over six years. He will be a regular visitor to the markets maintaining continuity for the operations in the future.

3. Mr. Manjit S. Malhotra is the Knitting Manager at the Facility, and has been a manufacturer of knitwear in both Kenya and UK. He will be available to answer any queries of a Technical nature concerned with the development of samples to suit individual customer requirements.

Appendix I
(Cont'd)

4. Dr. Stuart Brook who is acting as the United Nations Consultant to this Project in India is now guiding the Team on this initial tour in Europe. He has a very wide experience within the textile industry and has also operated in many developing countries. For part of his career he was Chief Executive of several knitwear and allied companies, most famous among these was Pringle of Scotland.

Appendix I
(Cont'd)

Grams : *KNITPUN*
Phones : *30074, 30075, 30076*

KNITWEAR FACILITY

A UNDP/UNIDO SUPPORTED UNIT OF
PUNJAB STATE HOSIERY & KNITWEAR DEVELOPMENT CORPORATION LIMITED.
(A PUNJAB GOVERNMENT UNDERTAKING)

A-10, Phase-V, Focal Point,
LUDHIANA—141010.

No. KF/E/MKTG/__ __/86

Dated May 20, 1986

Marketing of Indian Knitwear

Thank you for the courtesy extended to our project team , and for having taken time off your busy schedule to meet with us. We appreciate your comments, and as a result hope to adapt our prduct to the specific requirements of your market.

We look forward to future contact, and hope that the basis already formed with you will be strengthened further.

For your records, any further information or contact will be speedily dealt with via our Managing Director:-

Mr. A.S. Grover
Punjab State Hosiery & Knitwear
Development Corporation Limited
S.C.O. 3-A, Sector 7-C
Madhya Marg, CHANDIGARH.

Phone: 42332
Telex: 395-344-PHDC IN

With kind regards,

(Ashok P. SINHA)	(Dr. Stuart BROOK)
Executive Export Development	Marketing Expert
Knitwear Facility	U.N.I.D.O.

Appendix II

UNITED NATIONS

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO 7 January 1986

PROJECT IN THE REPUBLIC OF INDIA

JOB DESCRIPTION

DP/IND/82/006/11-07/31.7.B

Post title	Marketing Expert (Knitwear)
Duration	Three months
Date required	As soon as possible
Duty station	Ludhiana, Punjab
Purpose of project	To strengthen a central knitting industry service and development facility in Ludhiana, established to provide technical services to the knitwear and related industry in the state of Punjab.
Duties	The expert will be attached to the Punjab State Hosiery and Knitwear Development Corporation and will work under the general guidance of the Chief Technical Adviser of the project. The expert will advise on the promotion and marketing of Punjab knitwear in quality-conscious overseas markets. Specifically, the expert will

A. 1. Examine the export capabilities of a core of local industrialists;

2. Select target markets;

3. Advise on conditions and measures necessary for marketing of knitwear in target markets;

4. Prepare a strategy and practical workplan for an export marketing programme;

5. Assist in establishing a marketing promotion organization for Punjab knitwear;

6. Coach counterpart staff in working out details for the marketing strategy, including promotional activities, legal aspects, distribution patterns, integrating design and quality in garment ranges, statistics, etc.

..../..

B. During a 2-3 week European mission the expert will

- familiarize sales staff of the Punjab marketing organization/manufacturers to buyers' organizations in target markets;

At the end of this mission the expert will coach Indian sales staff in preparing a marketing programme.

The expert will also be expected to prepare a technical report setting out the findings of the mission and recommendations to the Government on further action which might be taken.

QUALIFICATIONS

Marketing expert with extensive knowledge and experience in principal markets for knitwear, especially in the American continent and Western Europe. Knowledge of fashion and style requirements and ability/experience in buying a range of knitwear on a large scale in one or more principal knitwear importing countries of the world, preferably in Europe.

LANGUAGE

English

BACKGROUND INFORMATION

The knitwear industry in the Punjab State is concentrated around the town of Ludhiana and is made up of about 2,000 manufacturing units. About twenty of these are medium-scale and account for 97 percent of the country's knitwear exports. The rest are small-scale units. The industry uses imported wool and acrylics spun by small and medium-scale spinners in Ludhiana and Amritsar. The general practice is to contract out the winding, dyeing and garment finishing operations to small, independent firms. The industry as a whole employs about 200,000 people.

In 1980 the State Government established a common facility for technical services, training and demonstration to assist the knitwear industry in improving the quality of its production and in increasing and diversifying its exports. UNDP/UNIDO support this effort by providing technical expertise, financing much of the Facility's equipment and by training its staff through fellowships and study tours abroad. The Facility is now functional and covers the yarn preparation, dyeing and finishing operations. It is currently being extended to include also worsted yarn spinning, flat-bed and body-length circular knitting and finishing. UNDP/UNIDO assistance will provide expertise in worsted spinning, circular and flat-bed knitting, maintenance, the organization of training programme, dyeing/finishing of knitwear, design of knitwear and colour matching. UNDP/UNIDO will further contribute the necessary equipment for the processes mentioned and finance the requisite fellowship training of the Facility's staff.

The proposed marketing outputs are:

- Two (2) trained national marketing and promotion staff;
- Familiarization of market structure in some selected markets through field visits.

IMPOD - A SPECIMEN OF A TRADE PROMOTION AGENCY

BACKGROUND

At the 1972 United Nations Conference on Trade and Development (UNCTAD III) the developing countries requested that the industrialized countries establish national agencies to which developing countries could turn for assistance with marketing, information on markets and help in making contacts with importers. IMPOD - the Import Promotion Office for Products from Developing Countries - which was established in 1974 can be regarded as Sweden's response to this request.

IMPOD is thus a service and advisory body with the task of assisting government authorities, special-interest organisations and companies in developing countries in a practical and concrete manner. It acts as an intermediary - it does not import any goods or services itself - and could perhaps be described as the developing countries' consultant for the Swedish market. IMPOD services are normally free of charge.

COUNTRIES AND RANGE OF GOODS

The Swedish Parliament has given IMPOD the following guidelines:

> All developing countries outside Europe can use IMPOD's general services and request information for establishing trade contacts. More specific and active efforts in the field of trade promotion which can sometimes be undertaken by IMPOD are, however, restricted to a smaller group of countries.
>
> IMPOD's general services, trade contacts and information, are to cover all goods without exception. IMPOD should, however, avoid active involvement with goods subjected to import limitations in Sweden, such as textile products.

Appendix III
(Cont'd)

TRADE CONTACTS SERVICES

Business Offers and Inquiries

IMPOD helps establish contacts in response to business offers from exporters in developing countries as well as to inquiries from Swedish importers about purchasing opportunities in developing countries.

IMPOD maintains a computerized register of exporting companies in the developing countries. Companies which supply IMPOD with requested basic information will be included in the register free of charge.

The information is available to Swedish importers looking for new contacts and suppliers. These importers are listed in a separate computerized register.

Supplement Services

IMPOD produces and distributes mini-market surveys (Product Notes) and other information concerning the Swedish market for different products. Its officials may personally contact Swedish companies in order to ascertain existing interest for a particular business offer. Furthermore, IMPOD can sometimes fund special assistance, such as consultants on specific industries, product tests and small promotion projects. It can also administer the distribution of product samples on a limited scale.

Advertising

An exporter, who inquiries about business contacts in Sweden, is asked to fill in a Company Profile and to send promotion material. At the same time he receives available Product Notes for the areas in question to facilitate any selection he may wish to make from his product range. After having received the requested information, IMPOD normally advertises the exporter's business offer in its magazine IMPOD Kontakt, published four times a year. As already mentioned, the exporter will be inserted in IMPOD's register of exporters.

Appendix III
(Cont'd)

Visitors' Service

IMPOD also gives guidance to individual businessmen and trade delegations visiting Sweden. Contacted well in advance of a visit, IMPOD can assist in arranging a suitable programme.

GENERAL INFORMATION SERVICES

IMPOD regularly distributes information about the Swedish market to developing countries as well as information about potential exports from developing countries to Swedish importers.

In addition to the Exporter's Guide to Sweden the following publications are available:

Newsletter from IMPOD is published six times a year. It provides up-to-date information on the Swedish market, trends and some background data. (Published in English, French and Spanish.)

IMPOD's Fashion Service is published four times a year and includes outlines of future trends as well as trade fair reports for both women's and men's ready-made clothes. The purpose is to give developing countries timely information on fashion trends in the Swedish market. (Published in English.)

IMPOD Kontakt is published four times a year. Itis distributed to Swedish companies and special interest organizations for the purpose of disseminating information on purchasing sources and business opportunities in the developing countries. (Published in Swedish.)

IMPOD's library is available to visitors. It has a collection of market surveys, statistics and printed material in regard to e.g. import regulations related to the Swedish market. Current export directories from the developing countries plus other information about their export potential and industries are also available.

Appendix III
(Cont'd)

SEMINARS AND OTHER TRAINING ACTIVITIES

IMPOD regularly sponsors seminars about the Swedish market, either alone or in co-operation with ITC (the International Trade Centre) in Geneva and/or IMPOD's sister organisations in the other Nordic countries. Sometimes these seminars are tailor-made to fit a specific country or product category.

The target groups may vary - for example commercial attaches, decision-makers from export promotion organisations and marketing personnel from individual companies.

BILATERAL CO-OPERATION

As has already been mentioned, IMPOD can besides its general services for trade promotion sometimes undertake more active promotional efforts. Because of its limited resources, IMPOD has to concentrate such efforts to special projects in a few selected countries. The activities carried out within this framework can be seen as an extension of the general services and consist of e.g. market surveys, purchasing and sales delegations and promotional compaigns.

Countries selected for such intensified efforts should pursue a general development policy which is in line with the criteria for Swedish development assistance, of which IMPOD is a part. Other preconditions for such efforts would be that there is a need for assistance and that there exist at least a few products which may be of commercial interest for the Swedish market.

Bilateral co-operation of this kind must naturally be based on a mutual commitment to generate practical results.

ORGANIZATIONAL STRUCTURE

IMPOD has a small staff of permanent employees with experience of the Swedish market and good contacts with the Swedish business sector as well as with export representatives from the developing countries. For more specialized tasks, the office engages experts on a consultancy basis.

IMPOD finances its activities by an annual appropriation from the Government budget for international development co-operation for the fiscal year 1985/86 about SEK 7 million. More than half of this amount is spent directly for various external activities, while the rest goes to meet salaries, rental of premises and other operating expenses.

IMPORT PROMOTION OFFICES

The previous section of this Appendix gave the details of one Import Promotion Agency-Sweden. The listing below gives the addresses of similar organizations in other countries.

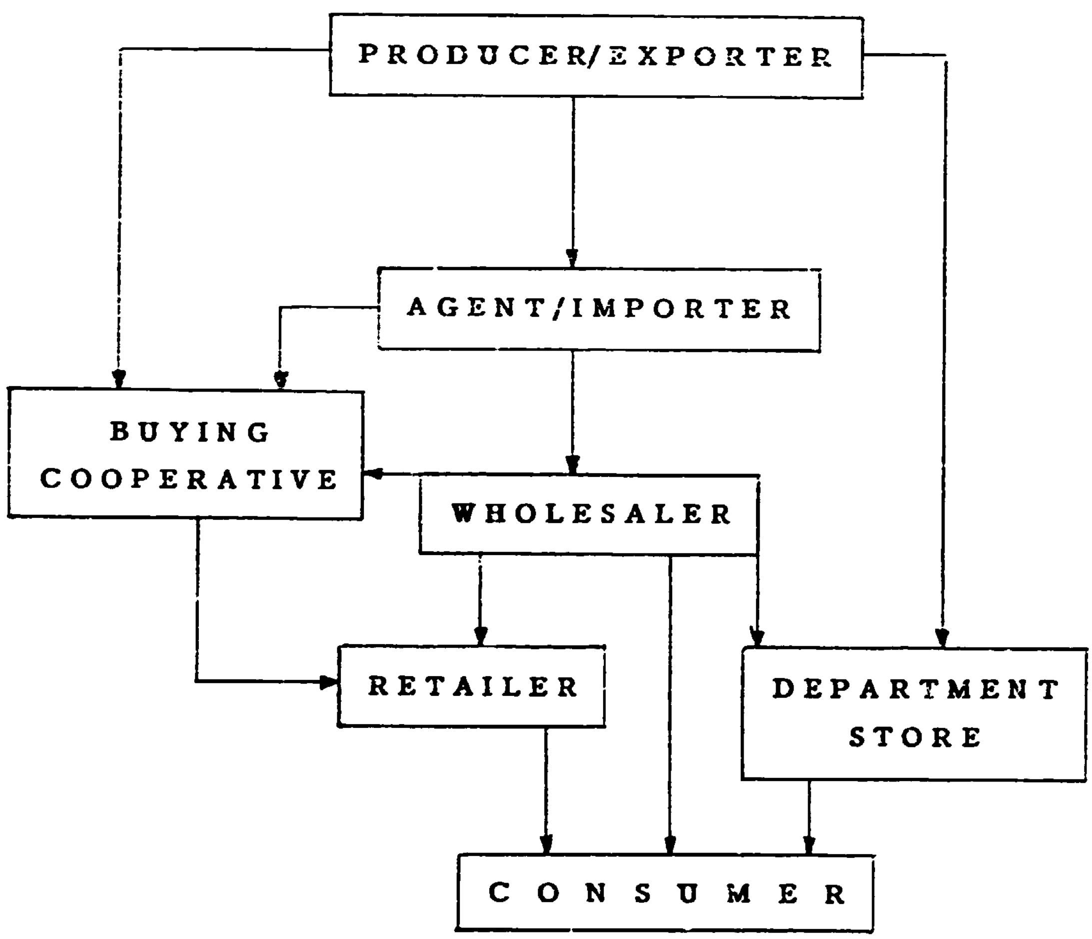
Australia	Market Assistance Section Trade Promotion Branch Department of Trade and Resources Canberra ACT 2600
Austria	Austrian Federal Economic Chamber Stubenring 10 A-1010 Vienna
Belgium	Office Belge du Commerce Exterieur Boulevard Emile Jacqmain, 162 B-1000 Bruxelles
Czechoslovakia	Czechoslovak Chamber of Commerce and Industry ul. Argentinska 38 170 05 Prague 7
Denmark	Office for Import Promotion of Products from Developing Countries Grosserer - Societet Boersen 1217 Copenhagen
France	Promotion des Exportations Etrangeres CFCE Avenue d'Iena, 10 F-75783 Paris CEDEX 16
Finland	Finnish Foreign Trade Association Arkadiankatu 4-6, P.O. Box 908 SF-00101 Helsinki 10
Germany, Federal Republic of	Chamber of Foreign Trade Information Office - BFA Blaubaech 13, P.O. Box 108007 D-5 Cologne

Hungary	Hungarian Chamber of Commerce Kossuth ter 6-8, P.O. Box 106 H-1055 Budapest
Japan	Japan External Trade Organization - JETRO 5 Toramoron 2-2 Minatoku, Tokyo (Through JETRO overseas facilities)
Netherlands	Center for the Promotion of Imports from Developing Countries - CBI Coolsingel 58, P.O. Box 30009 Rotterdam
New Zealand	Developing Countries Liaison Unit - DCLU Department of Trade and Industry Private Bag Wellington
Norway	Norwegian Import Promotion Office for Products from Developing Countries - NORIMPOD Karl Johans Gate, 5 Oslo
Poland	Polish Chamber of Foreign Trade ul. Trebecka 4, P.O. Box 361 00-950 Warsaw
Romania	Office for the Promotion of Foreign Trade Relations with Developing Countries Romanian Chamber of Commerce 22, Blvd. N. Dalcescu Bucharest
Sweden	Import Promotion Office for Products from Developing Countries - IMPOD Normaltorg 1, P.O. Box 7138 S-10383 Stockholm
Switzerland	Office Suisse d'Expansion Commerciale Avenue de l'Avant-Post, 4 CH-1001 Lausanne and Stampfenbachstrasse 85 CH-8035 Zurich

Appendix IV

A TYPICAL DISTRIBUTION SYSTEM

Illustrating the interaction between participants



GLOSSARY OF TRADING TERMS - INCOTERMS

The International Chamber of Commerce set out to overcome the problems of conflicting national laws and inter-pretations by establishing a standard set of trade terms and definitions that offer "neutral" rules and practices. They have been decided upon after thorough discussions between experts representing merchants from all over the world, and are known as Incoterms.

The Fourteen Incoterms

Ex Works

"Ex Works" means that the seller's only responsibility is to make the goods available at his premises (i.e., works or factory). In particular he is not responsible for loading the goods in the vehicle provided by the buyer, unless otherwise agreed. The buyer bears the full cost and risk involved in bringing the goods from there to the desired destination. This term thus represents the minimum obligation for the seller.

Free Carrier (named point)

This term has been designed to meet the requirements of modern transport, particularly such "multi-modal" transport as container or "roll on/roll off" traffic by trailers and ferries. It is based on the same main principle as FOB except that the seller fulfills his obligations when he delivers the goods into the custody of the carrier at the named point. If no precise point can be mentioned at the time of the contract of sale, the parties should refer to the place or range where the carrier should take the goods into this charge. The risk of loss of or damage to the goods is transferred from seller to buyer at that time and not at the ship's rail. "Carrier" means any person by whom or in whose name a contract of carriage by road, rail, air, sea or a combination of modes has been made. When the seller has to furnish a bill of lading, waybill or carrier's receipt, he duly fulfills this obligation by presenting such a document issued by a person so defined.

FOR/FOT

FOR and FOT mean "Free on Rail" and "Free on Truck". These terms are synonymous since the word "Truck" relates to the railway wagons. They should only be used when the goods are to be carried by rail.

FOB Airport

FOB Airport is based on the same main principle as the ordinary FOB term. The seller fulfills his obligations by delivering the goods to the air carrier at the airport of departure. The risk of loss of or damage to the goods is transferred from the seller to the buyer when the goods have been so delivered.

FAS

FAS means "Free Alongside Ship". Under this term the seller's obligation are fulfilled when the goods have been placed alongside the ship on the quay or in lighters. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. It could be noted that, unlike FOB, the present term requires the buyer to clear the goods for export.

FOB

FOB means "Free on Board". The goods are placed on board a ship by the seller at a port of shipment named in the sales contract. The risk of loss of or damage to the goods is transferred from the seller to the buyer when the goods pass the ship's rail.

C&F

C&F means "Cost and Freight". The seller must pay the cost and freight necessary to bring the goods to the named destination, but the risk of loss of or damage to the goods, as well as of any cost increase, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.

CIF

CIF means "Cost, Insurance and Freight". This term is basically the same as C&F but with the addition that the seller has to procure marine insurance against the risk of loss of or damage to the goods during the carriage. The seller contracts with the insurer and pays the insurance premium.

Freight or Carriage paid to

Like C&F "Freight or Carriage paid to..."means that the seller pays the freight for the carriage of the goods to the named destination. However, the risk of loss of or damage to the goods, as well as of any cost increase, is transferred from the seller to the buyer when the goods have been delivered into the custody of the first carrier and not at the ship's rail. It can be used for all modes of transport including multimodal operations and container or roll on/roll off traffic by trailers and ferries. When the seller has to furnish a bill of lading, waybill or carrier's receipt, he duly fulfills this obligation by presenting such a document issued by the person with whom he has contracted for carriage to the named destination.

Freight or Carriage and Insurance paid to

This term is the same as "Freight or Carriage paid to..." but with the addition that the seller has to procure transport insurance against the risk of loss of or damage to the goods during the carriage. The seller contracts with the insurer and pays the insurance premium.

Ex Ship

"Ex Ship" means that the seller shall make the goods available to the buyer on board the ship at the destination made in the sales contract. The seller has to bear the full cost and risk involved in bringing the goods there.

Ex Quay

"Ex Quay" means that the seller makes the goods available to the buyer on the quay (wharf) at the destination named in the sales contract. The seller has to bear the full cost and risk involved in bringing the goods there.

There are two "Ex Quay" contracts in use, namely "Ex Quay (duty paid) and "Ex Quay (Duties on buyer's account)" in which the liability to clear the goods for import are to be met by the buyer instead of by the seller.

Parties are recommended always to use the full description of these terms, namely "Ex Quay (duty paid)" or "Ex Quay (Duties on buyer's account)", or else there may be uncertainty as to who is to be responsible for the liability to clear the goods for import.

Delivered at Frontier

"Delivered at Frontier" means that the seller's obligations are fulfilled when the goods have arrived at the frontier - but before "the customs border" of the country named in the sales contract.

The term is primarily intended to be used when goods are to be carried by rail or road but it may be used irrespective of the mode of transport.

Delivered Duty Paid

While the term "Ex Works" signified the seller's minimum obligation, the term "Delivered Duty Paid", when followed by words naming the buyer's premises, denotes the other extreme-the seller's maximum obligation. The term "Delivered Duty Paid" may be used irrespective of the mode of transport.

If the parties wish that the seller should clear the goods for import but that some of the cost payable upon the import of the goods should be excluded-such as value-added tax (VAT) and/or other similar taxes-this should be made clear by adding words to this effect (e.g. "exclusive of VAT and/or taxes").

Appendix VI

CONSUMPTION OF FIBRES - ('000 of pieces/m²)

	1980	1981	1982	1983	1984	1985
W. Germany						
Men's	46278	45378	42777	43150	39833	-
of which *	14593	17015	13946	12424	11278	-
Women's	130023	114080	97933	105336	105584	-
of which *	23746	24069	13792	16735	15172	-
Holland						
Men's	12210	10050	10990	11100	10700	-
of which *	3850	4250	3240	2800	2790	-
Women's	19500	17700	16520	17000	15000	-
of which *	2100	2400	1690	2100	2430	-
United Kingdom						
Men's	45963	46260	44136	44918	46516	44992
of which *	13716	13869	15372	16352	18501	15172
Women's	73452	75727	76315	71876	69982	61448
of which *	14104	15808	12751	13092	13507	10823

* Woolmark, Woolblendmark, Pure new Wool and Wool-rich Blends

Source I.W.S.

CONSUMPTION OF SWEATERS Millions of Garments

	1980		1981		1982		1983	
Men's Sweaters -	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Belgium	2.8	8.0	3.2	7.6	3.0	7.5	2.5	8.7
France	9.6	40.2	9.3	42.2	9.5	45.4	8.5	43.7
W. Germany	14.6	46.3	17.0	45.4	13.9	42.8	12.4	43.2
Italy	24.0	61.3	26.3	64.5	25.8	66.8	25.5	65.4
Japan	23.8	55.8	22.1	47.5	24.9	51.0	25.1	49.1
Netherlands	3.9	12.2	4.3	10.0	3.2	11.0	2.8	11.1
United Kingdom	13.7	46.0	13.9	46.3	15.4	44.1	16.4	44.9
United States	13.0	55.1	16.1	59.9	23.0	68.3	23.5	68.6
Totals	**105.4**	**324.9**	**112.2**	**323.4**	**118.7**	**336.9**	**116.7**	**334.7**
Ladies' Sweaters -								
Belgium	3.4	15.6	3.7	14.5	3.4	14.3	2.6	12.8
France	10.9	64.0	13.2	68.3	13.6	69.1	11.6	60.9
W. Germany	23.7	130.0	24.1	114.1	13.8	97.9	16.7	105.3
Italy	20.6	85.0	23.2	86.8	17.7	83.4	22.1	83.0
Japan	43.2	122.7	41.7	121.4	40.0	125.6	40.7	134.9
Netherlands	2.1	19.5	2.4	17.7	1.7	16.5	2.1	17.0
United Kingdom	14.1	73.5	15.8	75.7	12.8	76.3	13.1	71.9
United States	21.2	167.8	25.7	184.4	24.9	190.6	29.5	216.9
Totals	**139.2**	**678.1**	**149.8**	**682.9**	**127.9**	**673.7**	**138.4**	**702.7**

Source : IWS

A = Chiefly Wool **B** = Total

Appendix VI
(Cont'd)

NETHERLANDS TRADE IN CLOTHING 1982-84 (G million)

	Imports			Exports		
	1982	1983	1984	1982	1983	1984
EEC	**2,284**	**2,201**	**2,315**	**1,022**	**1,058**	**1,161**
Belgium	310	274	361	525	521	580
France	127	103	95	70	63	66
West Germany	1,404	1,422	1,478	331	392	424
Italy	277	227	219	9	7	6
U.K.	141	151	150	72	64	69
Irish Republic	2	2	4	3	2	3
Denmark	12	15	23	10	9	12
Greece	12	8	15	1	1	-
EFTA	**128**	**133**	**141**	**45**	**51**	**64**
Norway	1	1	2	3	4	6
Sweden	11	7	7	5	5	7
Switzerland	17	15	12	25	29	31
Austria	37	39	36	7	10	12
Portugal	47	53	65	-	-	-
Finland	15	17	18	1	1	1
Iceland	-	-	-	3	2	4
Eastern Europe	**50**	**61**	**62**	**18**	**19**	**41**
Other European Countries	**70**	**60**	**71**	**1**	**2**	**1**
Asia	**708**	**683**	**776**	**5**	**6**	**7**
Total including Others	3,273	3,162	3,404	1,099	1,146	1,293

Source : Fenecon and CBS

NETHERLANDS TRADE IN CLOTHING BY TYPE 1983-84

(G million)	Imports			Exports		
	1983	1984	%	1983	1984	%
Mens & boys Outerwear	1,044,025	1,111,157	6.4	361,425	358,342	7.4
Womens Coats & Jackets	418,478	460,620	10.1	156,053	174,382	10.5
Other Womens Outerwear	883,300	998,509	13.0	347,645	420830	21.1
W... ...rts	201,948	248,292	22.9	61,906	73,095	18.1
...ens & Boys Underwear	12,127	12,969	6.9	3,712	3,772	1.6
Womens & Girls Underwear	23,044	27,763	7.5	16,265	16,982	4.4
Foundation Garments	73,115	72,330	-1.1	42,619	38,572	-9.5
... Clothing -Woven	33,961	48,390	42.5	7,920	9,085	14.7
...s cotton & synthetic	32,669	40,769	24.8	5,546	6,897	24.4
...rwear - Knitted	38,861	32,362	-16.7	9.982	12.266	22.9
Outerwear	372,703	326,196	-12.5	99,728	114,950	15.3
Total Clothing in woven and knitted fabrics	**3,162,204**	**3,403,857**	**7.6**	**1,146,118**	**1,293,406**	**12.9**

Source : Fenecon and CBS

Appendix VI
(Cont'd)

WEST GERMAN KNITWEAR INDUSTRY : TRADE 1981, SHOWING VOLUME AND VALUE

	EXPORTS		IMPORTS	
	Quantity	Value '000 DM	Quantity	Value '000 DM
	Quantity	Value '000 DM	Quantity	Value '000 DM
Total Knitwear Industry	-	2,826,400	-	6,485,000
Outerwear	32,300	1,112,100	210,700	3,641,900
Swimwear	3,400	53,100	9,100	73,400
Babies & Infantswear	6,300	49,100	8,100	49,400
Tracksuits	1,300	38,900	6,000	135,300
Underwear + knitted shirts	59,100	330,700	333,600	1,255,600
Stocking & Socks	47,000	87,500	239,200	323,500
Tights	234,300	181,500	353,100	301,000
Gloves	3,500	9,300	32,500	70,600
Knitted Fabrics	42,600*	913,000	22,900*	483,300
Miscellaneous	-	87,200	-	151,000

Source : German Knitwear Federation

Quantities in '000 pairs or pieces. - * in Kilograms.

Appendix VI
(Cont'd)

MAIN SUPPLIERS OF KNITWEAR TO WEST GERMANY

	Value '000 DM
Total Knitwear Imports	6,485,000
EEC	3,383,800
of which :	
UK	180,700
Italy	2,096,200
Greece	488,600
France	348,400
EFTA	
of which :	
Austria	222,000
Switzerland	182,100
EASTERN BLOCK	
of which :	
Yugoslavia	217,800
FAR EAST	
of which :	
Hong Kong	589,500
Taiwan	240,800
South Korea	219,100
OTHER COUNTRIES	572,100

Source : German Knitwear Federation

UNITED KINGDOM KNITWEAR IMPORTS

Fibre Breakdown	1981	1982	1983	1984	1985
Wool Predominant					
- men's & women's	0.063	0.081	0.078	0.063	0.042
- men's & boy's	4.697	4.726	4.701	5.412	4.778
- women's & girls'	5.599	4.225	4.204	5.781	4.446
Total	**10.359**	**9.032**	**8.983**	**11.256**	**9.266**
(of which - fine hair)	(0.311)	(0.081)	(0.099)	(0.235)	(0.195)
Synthetic	43.736	47.500	41.671	41.233	37.036
Cotton	19.212	11.092	12.768	11.389	11.757
Others	0.541	0.551	1.305	2.021	0.674
Total - all fibres	**73.848**	**68.175**	**64.727**	**65.899**	**58.733**
Wool Predominant -by source					
- Hong Kong	4.097	3.112	3.197	3.574	2.096
- Italy	0.807	1.402	1.806	2.210	2.547
- Mauritius	1.313	1.384	1.633	2.399	2.038
- Macao	0.658	0.772	0.750	0.756	0.395
- S. Korea	1.246	0.500	n.a.	n.a	n.a.

Source : Customs & Excise   Units : million garments   n.a. = not available

Appendix VII

SOURCES OF INFORMATION

Ceneral -

I.W.S. Market Research Dept. Wool House Carlton Gdns. London.

I.T.C. Rue de Montbrillard, Geneva

Import Promotion Offices - See Appendix III for details

W. Germany -

Statistiches Bundesamt, Wiesbaden

German Knitwear Federation

Jahresbericht 1983

Holland -

Central Bureau of Statistics

C.B.I. Rotteradam

ABC voor Handel en Industrie

Kompass

Expoort en Voorlichtings Dienst

Sweden -

IMPOD Stockholm

Swedish Trade Council

United Kingdom -

National Development Council

British Overseas Trade Board

Dept. of Trade and Industry

British Apparel Council

Appendix VIII

TRADE FAIRS

The list gives the most popular European Trade Fairs for knitwear.

On the next page a more comprehensive list is provided.

The Netherlands -

MODAM Fashion Trade Fair Sept. & April.

France -

Premiere Vision March & October.

SEHM International Men'S & boy'S wear trade Feb. & Sept.

Mode Enfantine International Childrenswear week Sept.

West Germany -

Herrenmodewoche Men's Fashion week August

Interstoff All clothing and textiles October

IGEDO Fashion Trade Fair March, April, Sept., October

Modewoche Munich Women's Fashions March & October

United Kingdom -

IMBEX International men' s & boy's wear February

FABREX Fabrics March & October

MAB International menswear September

Junior Fashion Fair September

Italy -

MODIT Womens collections and fashion accessories March & October

Milano Collezioni Ready-to-wear collection March & October

Beurskalender 1986
Alle data onder voorbehoud

datum	plaats	beurs	code
februari			
1 - 3	Florence	Pitti Casa	MMT
1 - 3	Florence	Pitti Lingerie	O
1 - 4	Brussel	Textirama	
1 - 4	Parijs	Première Mode Sport d'Hiver	SP
1 - 4	Parijs	Salon Int. de la Mode Enfantine	K
1 - 4	Parijs	Sehm	H
2 - 4	Düsseldorf	Coll.Premièren + Igedo junior	D+JH
6 - 8	Florence	Pitti Filati	Garen
7 - 10	Genève	Salon du Prêt-à-Porter	D+A
13 - 16	Lissabon	Intermoda	
13 - 16	Porto	Interportex	
13 - 16	Valencia	Fimi	K
14 - 16	Keulen	Herren Mode Woche	H
14 - 16	Keulen	Inter Jeans	D+H
15 - 17	Sindelfingen	Kinder Mode Tage	K
15 - 18	Parijs	Prêt-à-Porter	D
15 - 18	Parijs	Salon Int. de la Lingerie	O
16 - 17	Berlijn	Berliner Mode Tage	
16 - 18	Milaan	Mias Invernale 1986	SP
16 - 19	München	Münchener Mode Tage	
16 - 19	Los Angeles	Magic	H
18 - 21	Londen	London Show	
20 - 23	München	Ispo	SP
20 - 23	Stockholm	Int. Fashion Fair	
21 - 23	Keulen	Kind + Jugend	K
22 - 24	Florence	3e Pitti Trend	D+H
23 - 24	Berlijn	Berliner Modetage	D
23 - 25	Harrogate	Footwear and Accessoires Show	Sch
23 - 25	Londen	London Prêt	
23 - 25	Utrecht	Nat. Ling. & Found. Pres.	O
23 - 26	Londen	Imbex	H
23 - 26	Londen	Junior Fashion Fair	K
23 - 26	Oslo	Fashion Week	D
25 - 27	Lille	Indigo	Dessin
27 - 1/3	Madrid	Intermoda	D
27 - 2/3	Kopenhagen	Future Fashions Scandinavia	D+H+K+A
28 - 2/3	Salzburg	Jim-Er-es	
28 - 2/3	Madrid	Imagenmoda/Ibermoda Hombre	D+H
maart			
1 - 3	Helsinki	Shoe Fair	Sch
1 - 3	Offenbach	Lederwarenmesse	L
2 - 4	Amsterdam	Modam	D+H
2 - 4	Amsterdam	Het Kind en de Sportieve Jeugd	K
2 - 4	Lausanne	Salon de la Mode Enfantine	K
2 - 4	New York	New York Prêt	
[illegible] - 4	Utrecht	Spovak	SP
[illegible] - 5	Düsseldorf	148. Igedo + Igedo Dessous	D+O
[illegible] - 5	Grenoble	SIG	SP
[illegible] - 5	Los Angeles	3. Int. Childrenswear Exhibition	K
[illegible] - 10	Milaan	Mican Modacalzatura	Sch
[illegible] - 11	Milaan	Espansione Mode '86	D
[illegible] - 11	Milaan	Milanovendamoda 34.	D+A
[illegible] - 11	Milaan	Modit	D
7 - 11	Milaan	Sposaitalia	Bruidskl
8 - 9	Kopenhagen	Shoe Fair	Sch
8 - 11	Vejle	Sportex	Sch
9 - 11	Harrogate	Jeans & Casual	
9 - 11	Lausanne	Seratex	DHK
9 - 11	New York	New York Leather Exp.	L
9 - 13	Milaan	Milano Collezioni	D
11 - 12	Amsterdam	Stoffenagentenbeurs	ST
14 - 16	Salzburg	Osfa	
14 - 16	Salzburg	Schuh	Sch
15 - 16	Wenen	Osmu	Sch
15 - 17	Sindelfingen	Modewoche	
15 - 18	Londen	British Designer Show	
15 - 18	Parijs	Première Vision	ST
16 - 18	Berlijn	Berliner Durchreise	D
16 - 18	Zürich	Modexpo	
16 - 18	Zurich	Saft	
16 - 19	Harrogate	Harrogate Fashion Fair	
16 - 19	Harrogate	Lace	C
19 - 20	Stockholm	Int. Shoe Fair	Sch
19 - 23	Milaan	Comis	Bont
20 - 22	Lissabon	Portuguese Offer	ST
22 - 24	Düsseldorf	GDS	Sch
22 - 25	Parijs	Sal. Int. des Ind. de la Fourrure	Bont
23 - 26	München	Mode Woche München	
23 - 26	München	Münchener Trend Börse	Sch + L
23 - 26	New York	NAMSB	H
25 - 27	Londen	Fashion Fabrex	ST
30 - 1/4	Vejle	Fashion Fair	
april			
2 - 4	Neuss	Tuch-Première Tuch-Schau	ST
2 - 5	Como	Comomoda - Idea Como	ST
3 - 5	Florence	Prato Expo '86	ST
6 - 8	Düsseldorf	149. Igedo	D
6 - 9	Zürich	Swisspo	SP
7 - 9	New York	New York Fabric Show	ST
9 - 11	Barcelona	11. Mostra	ST
9 - 12	Frankfurt	Int. Pelzmesse	Bont
9 - 14	Valencia	Fiam	K + JH
13 - 15	Manchester	Casualwear Fair	
14	Amsterdam	Nouveautédag	D+H
15 - 17	Frankfurt	Interstoff	ST
17 - 20	Keulen	Handarbeit	
22 - 24	Amsterdam	Stoffenagentenbeurs	ST
26 - 28	Offenbach	Offenbacher Modeforum	L
mei			
7 - 9	Keulen	Jobtex	Bedrijfskl
11 - 14	New York	Int. Lingerie Exhibition	O
22 - 26	Milaan	Star '86	HHT
26	Amsterdam	Nouveautédag	D+H
juni			
1 - 4	Thessaloniki	Textillia '86	
1 - 4	Parijs	Paritex	HHT
3 - 5	Londen	London Midseason	D
5 - 8	Porto	Portex	
10 - 12	Frankfurt	Messe für Techn. Textilien	M
10 - 13	Milaan	Esma-Eurotricot	D+H
14 - 16	Vejle	Tex-styl	HHT
18 - 20	Parijs	Expofil	Garen
21 - 24	Athene	Hellenic Fashion Preview Euromod	
26 - 27	Como	Como Foulards	ST
28 - 30	Florence	Collezioni Moda Bimbo	K
29 - 30	Florence	Pitti Bimbo	K
juli			
4 - 7	Florence	30. Pitti Uomo	H
4 - 7	Florence	Uomo Italia	H
10 - 13	Milaan	Milanovendamoda Uomo	H
16 - 17	Keulen	It's Cologne Int. Trendshow	H
augustus			
3 - 5	Düsseldorf	Collections Premièren	D
16 - 18	Sindelfingen	Kinder Mode Tage	K
17 - 18	Berlijn	Berliner Mode Tage	
[illegible]	Gera	Ornaris	MMT
22 - 25	Wiesbaden	Interhut	D-hoeden
22 - 24	[illegible]	Inter Jeans	
23 - 25	[illegible]	Texbo	MMT
23 - 26	Offenbach	Int. Lederwarenmesse	L
24 - 26	Amsterdam	Modam	D+H
24 - 26	München	Münchener Mode Tage	
26 - 28	Helsinki	Finnish Fashion Fair	
28 - 31	Kopenhagen	Scandinavian Fashion Week	
29 - 31	Salzburg	Jim-Er-es	JH
31 - 1/9	Berlijn	Berliner Modetage	D
31 - 2/9	Amsterdam	Het Kind en de Sportieve Jeugd	K
31 - 2/9	Amsterdam	Nat. Lingerie & Found. Pres.	O
31 - 2/9	Brussel	Textirama	D+H+K
31 - 2/9	Lausanne	Salon de la Mode Enfantine	K
31 - 3/9	Oslo	Fashion Week	
september			
2 - 5	München	Ispo	SP
3 - 5	New York	Knitting Yarn Fair	
5 - 8	Bologna	Mica-Modacalzatura	Sch
5 - 8	Florence	Campionaria di Firenze	L
6 - 8	Florence	Pitti Lingerie	O
6 - 9	Parijs	Salon Int. de la Mode Enfantine	K
6 - 9	Parijs	Sehm	H
7 - 9	Milaan	MIAS	SP
7 - 10	Düsseldorf	150. Igedo + Igedo Dessous	D+O
7 - 10	Parijs	Sisel-Sports	SP
9 - 12	Londen	The London Show	
11 - 14	Valencia	Fimi	K+JH
12 - 14	Salzburg	Osfa	
12 - 14	Salzburg	Schuh	Sch
13 - 14	Kopenhagen	Shoe Fair	Sch
13 - 14	Wenen	Osmu	Sch
13 - 16	Nice	Scame	
13 - 16	Vejle	Sportex	SP
14 - 16	Londen	London Prêt	
14 - 16	New York	New York Prêt	
14 - 16	Zürich	Modexpo	D
14 - 16	Zürich	Saft	
14 - 17	Londen	Junior Fashion Fair	
14 - 17	Londen	MAB	K
14 - 18	Utrecht	Interdecor	MMT
16 - 17	Amsterdam	Stoffenagentenbeurs	ST
18 - 20	Florence	Pitti Filati	ST
18 - 21	Stockholm	Int. Fashion Fair	
19 - 21	Keulen	Kind und Jugend	K
20 - 22	Düsseldorf	G.D.S.	Sch
20 - 22	Florence	4. Pitti Trend	D+H
20 - 23	Los Angeles	Magic	H
21 - 23	Berlijn	Berliner Durchreise	D
21 - 23	New York	New York Leather Exposition	L
21 - 24	Harrogate	Harrogate Fashion Fair	
21 - 24	Harrogate	Lace Ling. and Cors. Exhibition	O
24 - 25	Stockholm	Int. Shoe Fair	Sch
25 - 27	Madrid	Intermoda	
26 - 28	Madrid	Imagenmoda/Ibermoda Hombre	D+H
27 - 28	Helsinki	Shoe Fair	Sch
27 - 29	Sindelfingen	Mode Woche	
27 - 30	Florence	Prato Expo '86	ST
27 - 30	Vejle	Fashion Fair	
27 - 1/10	Parijs	Prêt-à-Porter	D
28 - 30	Bern	Besao	SP
28 - 30	Manchester	Casualwear Fair	
28 - 30	Keulen	Spoga	SP
oktober			
3 - 6	Parijs	Première Vision	ST
3 - 7	Milaan	Espansione Moda '86	D
3 - 7	Milaan	Milanovende Moda 35.	D+A
3 - 7	Milaan	Modit Collezioni	D
3 - 7	Milaan	Sposaitalia	Bruid
5 - 7	Lausanne	Seratex	D+H+K
5 - 8	München	Mode Woche München	
5 - 8	München	MTB	Sch + L
5 - 9	Milaan	Milano Collezioni	D
7 - 9	Londen	Fashion Fabrex	ST
9 - 11	Lissabon	Portuguese Offer	ST
10 - 13	Como	Comomoda - Ideacomo	ST
11 - 14	Londen	British Designer Show	
19 - 21	Düsseldorf	151. Igedo	D
19 - 22	New York	NAMSB	H
20	Amsterdam	Nouveautédag	D+H
25 - 27	Offenbach	Offenbacher Modeforum	L
28 - 30	Frankfurt	Interstoff	ST
november			
11 - 13	Amsterdam	Stoffenagentenbeurs	ST
11 - 13	Londen	British Contract Cloth. Exh.	D+H
11 - 13	Londen	Midseason	
13 - 15	Florence	Lineapelle	Sch + L
20 - 23	Porto	Portex - Lar	HHT
23 - 26	Thessaloniki	Textillia '86	D+H
23 - 26	Thessaloniki	1.Childrens Exhibition	K
december			
2 - 5	Milaan	Esma Eurotricot	D
4 - 7	Porto	Portex - Lar	HHT
10 - 12	Parijs	Expofil	Garen

10 februari 1986

Nederlands Mode Instituut

Appendix IX

EXAMPLE OF A TYPICAL GARMENT COSTING - Jan. 1985

Punjab State Hosiery & Knitwear Corp.

Style - Heavy Knit Bat-wing 100% wool	**No. -** J4499/2
Weight - 575 gm.	**Waste -** (25%) = 144 gm.

Basic Costs -

Raw Mats. @ 150 Rs./Kg.	
Total Wt = 719 gm.	
=	107.81 Rs.
Yarn Winding	0.50
	108.31
Accessories	4.50
Total Fabrication	25.00
Manufacture	137.81
O'Heads (5%)	6.89
Profit (20%)	27.56
	172.26
Forwarding Charge	1.50
F.O.B.	173.76
	(39.23)
	134.53
Freight 100Kg. lots	8.00
Insurance	1.00
Landed Price	143.53

Fabrication Costs -

Knitting	12.00
Cutting	1.50
Mending	0.50
Linking	4.00
Stitching	-
O'Locking	1.50
Pressing	1.00
Dry Cleaning	0.50
Checking	0.50
B'Hole etc.	1.00
Packing & Label	2.50
	25.00

Drawback -

Incentive (38 Rs./Kg.)	21.85
C.C.S. 10% FOB	17.38
	39.23

Appendix X

COMPARATIVE SIZE SCALES

Standard Body Measurements (inch measurements in brackets)

8	78 - 82	(31 - 32)
10	82 - 86	(32 - 34)
12	86 - 90	(34 - 35½)
14	90 - 94	(35½ - 37)
16	94 - 99	(37 - 39)

Standard Hip Measurements

8	83 - 87	(32½ - 34)
10	87 - 91	(34 - 36)
12	91 - 95	(36 - 37½)
14	95 - 100	(37½ - 39)
16	100 - 104	(39 - 41)

Fashion Sizes

Scand.	U.K.	U.S.A.	Germany	France	Italy
34	8	6	34	36	38
36	10	8	36	38	40
38	12	10	38	40	42
40	14	12	40	42	44
42	16	14	42	44	46
44	18	16	44	46	48

N.B. Use these measuremnts only as a guide. Individual companies vary.

QUOTA LIMITS OF SELECTED CATEGORIES UNDER THE EEC - INDIA TEXTILE AGREEMENT

Category	Product	CCT Heading*	Unit	Annual Quantitative Limits 1984	1985	1986		Annual Average growth (%)
GROUP I								
5	Jerseys, Pullovers etc.	(60.05)	1,000 pieces		Quota Free			-
6	Men's and Women's woven trousers and shorts	(61.01 and 61.02)	1,000 pieces	3260	3374	3492		3.5
7	Women's blouses, shirts, knitted and woven	(60.05 and 61.02)	1,000 pieces	30285	30588	30893		1.0
8	Men's shirts, woven	(61.03)	1,000 pieces	26786	27134	27487		1.3
GROUP IIA								
32	Woven pile and chenille fabrics other than terry fabrics of cotton	(58.04)	tonnes		Quota Free			-
GROUP IIB								
12	Knitted socks and stockings (excluding synthetics)	(60.03)	1,000 pairs		Quota Free			-
14A	Men's and boys' coats, laminated	(61.01)	1,000 pieces		Quota Free			-
14B	Men's and boys' overcoats, woven	(61.01)	1,000 pieces		Quota Free			-
15A	Women's and girls' coats, laminated	(61.02)	1,000 pieces		Quota Free			-
15B	Women's and girls' overcoats, woven	(61.02)	1,000 pieces	2120	2247	2383		6.0
16	Men's and boys' woven suits	(61.01)	1,000 pieces		Quota Free			-
17	Men's and boys' woven jackets and blazers	(61.01)	1,000 pieces	2120	2246	2381		6.0
18	Men's and boys' woven under garments	(61.03)	tonnes		Quota Free			-
26	Women's dresses, woven and knitted	(60.05 and 61.02)	1,000 pieces	7843	8040	8240		2.5
27	Women's skirts, woven and knitted	(60.05 and 61.02)	1,000 pieces	6137	6292	6449		2.5
28	Trousers, knitted (excluding shorts)	(60.05)	1,000 pieces		Quota Free			-
29	Women's, girls' and infants' woven suits	(61.02)	1,000 pieces	3952	4110	4274		4.0
30A	Women's, girls' and infants' woven nightwear	(61.04)	1,000 pieces	262	278	294	(France only)	6.0
76	Woven industrial clothing and overalls	(61.01 and 61.02)	tonnes		Quota Free			-

* CCT = Common Customs Tariff

Continued/...

QUOTA LIMITS OF SELECTED CATEGORIES UNDER THE EEC - INDIA TEXTILE AGREEMENT

Category	Product	CCT Heading*	Unit	Annual Quantitative Limits 1984	1985	1986	Annual Average growth (%)
GROUP IIIA							
40	Woven curtains and furnishings	(62.02)	tonnes		Quota Free		-
50	Wool woven fabrics, woollen and worsted	(53.11)	tonnes		Quota Free		-
66	Travelling rugs and blankets	(62.01)	tonnes		Quota Free		-
GROUP IIIB							
10	Gloves, knitted	(60.02)	1,000 pairs		Quota Free		-
67	Knitted clothing accessories	(60.05 and 60.06)	tonnes		Quota Free		-
74	Women's and girls' knitted suits	(60.05)	1,000 pieces		Quota Free		-
80	Babies' woven garments	(61.02 and 61.04)	tonnes		Quota Free		-
82	Knitted undergarments of wool	(60.04)	tonnes		Quota Free		-
87	Woven gloves, stockings and socks	(61.10)	tonnes		Quota Free		-

* CCT = Common Customs Tariff

TARIFF RATES ON SELECTED PRODUCTS ENTERING THE EEC (1985)

Category	Product	CCT Heading*	Full Rate of Duty
GROUP I			
5	Jerseys, Pullovers etc.	(60.05)	9-15.3%
6	Men's and Women's woven trousers and shorts	(61.01 and 61.02)	9-15% and 9-15%
7	Women's blouses, shirts, knitted and woven	(61.05 and 61.02)	9-15.3% and 9-15%
8	Men's shirts woven	(61.03)	13.7-14.3%
GROUP IIA			
32	Woven pile and chenille fabrics other than terry fabrics of cotton	(58.04)	15%
GROUP IIB			
12	Knitted socks and stockings (excluding synthetics)	(60.03)	13%
14A	Men's and boys' coats, laminated	(61.01)	9-15%
14B	Men's and boys' overcoats, woven	(61.01)	9-15%
15A	Women's and girls' coats, laminated	(61.02)	9-15%
15B	Women's and girls' overcoats, woven	(61.02)	9-15%
16	Men's and boys' woven suits	(61.01)	9-15%
17	Men's and boys' woven jackets and blazers	(61.01)	9-15%
18	Men's and boys' woven under garments	(61.03)	13.7 -14.3%
26	Women's dresses, woven and knitted	(60.05 and 61.02)	9-15.3% and 9-15%
27	Women's skirts, woven and knitted	(60.05 and 61.02)	9-15.3% and 9-15%
28	Trousers, knitted (excluding shorts)	(60.05)	9-15.3%
29	Women's, girls' and infants' woven suits	(61.02)	9-15%
30A	Women's, girls' and infants' woven nightwear	(61.04)	13%
76	Woven industrial clothing and overalls	(61.01 and 61.02)	9-15% and 9-15%

* CCT = Common Customs Tariff

Continued/...

TARIFF RATES ON SELECTED PRODUCTS ENTERING THE EEC (1985)

Category	Product	CCT Heading*	Full Rate of Duty
GROUP IIIA			
40	Woven curtains and furnishings	(62.02)	14-15%
50	Wool woven fabrics, woollen and worsted	(53.11)	9.1-17.3%
66	Travelling rugs and blankets	(62.01)	8.6-14%
GROUP IIIB			
10	Gloves, knitted	(60.02)	10.8%
67	Knitted clothing accessories	(60.05 and 60.06)	9-15.3% and 8-10.7%
74	Women's and girls' knitted suits	(60.05)	9-15.3%
80	Babies' woven garments	(61.02 and 61.04)	9-15% and 13%
82	Knitted undergarments of wool	(60.04)	13.7-14.3%
87	Woven gloves, stockings and socks	(61.10)	8.8%

* CCT = Common Customs Tariff

Appendix XII

EXPORT DOCUMENTATION AID

SITPRO Overlays

Copier System for Exporters

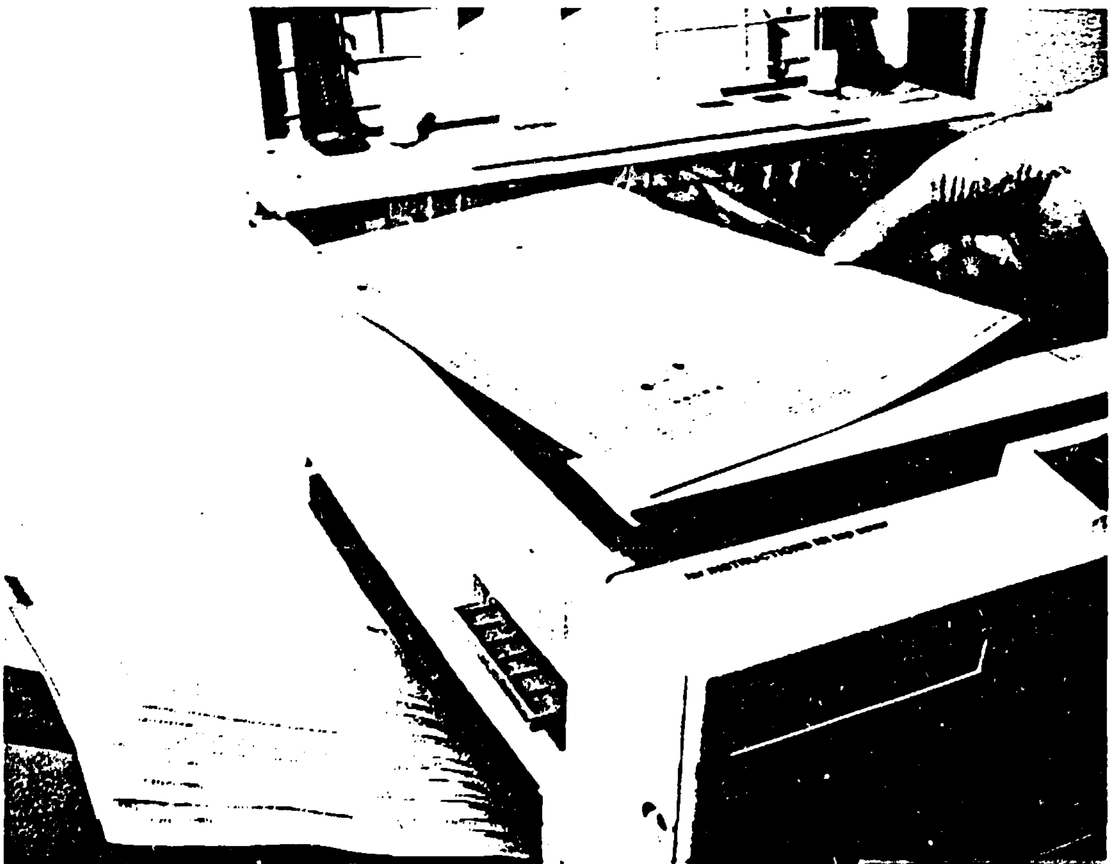
SITPRO OVERLAYS make it possible to complete your export documents quickly and efficiently from a single typing, using ordinary office copiers. The system is already adopted by several thousand UK exporters and forwarders.

The only document to be individually typed is the SITPRO Master Document, with a Continuation Master for the more detailed shipments. The Master can alternatively be produced from SITPRO SPEX 2 or other suitable computer systems. Once complete, it is used with a series of re-usable plastic folders, **SITPRO Overlays**, and a photocopier to run off forms onto plain paper. Costly individual typing, checking, and large printed stationery stocks are avoided. Even coloured forms such as Certificates of Origin can be completed in the system by using special Mask Overlays.

The result is high quality, accurate documentation fully in line with international standards. The system is approved by the International Chamber of Commerce in their banking standards, the Customs Cooperation Council, for Customs clearance documents, and the United Nations representing government requirements.

The benefits are reduced costs – up to 50% savings – and increased speed, accuracy and customer service. Because the system operates on the ordinary copiers used in almost every office, there is normally no need for any capital expenditure outlay.

For further information contact SITPRO or authorised **SITPRO Overlay** distributors. The system can also be seen in action and discussed at the Systems Centre in SITPRO's London Office. Contact SITPRO for an appointment.



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